EMPLOYERS' PENSION PROVISION 1996
by John Forth and Neil Millward
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The majority of the work contained in this report was conducted while the authors were at the Policy Studies Institute.
Summary

Introduction
A principal objective of the survey was to provide a picture of pension provision in Great Britain in 1996. This would update the picture of pension provision by private sector employers which was obtained from a national survey in 1994. A further objective was to detect, where possible, changes in employers' provision up to five years prior to the survey and to learn about the reasons why employers changed their arrangements. The new survey results would also act as a benchmark against which any subsequent changes in provision could be measured.

The survey was conducted by telephone using computer-assisted interviewing. The overall response rate was 80% providing 1,859 productive interviews. However, doubts over the representativeness of the sample frame, particularly with respect to its coverage of very small organisations, led to the achieved sample being reweighted to reflect the size and industry distribution of private sector organisations as represented by the Inter Departmental Business Register of the Office for National Statistics. As a further precaution, the results of the survey are presented separately for organisations with 20 or more employees and those with less than 20 employees.

Incidence of pension provision
In 1996 two-fifths (38%) of all private sector organisations made provision for pensions for at least some of their employees. However, the extent of provision varied considerably by organisational size, with larger organisations being more likely to provide pensions than smaller ones. Less than a third (29%) of the very smallest organisations (1-5 employees) and around a half (47%) of those with 6-12 employees provided pensions, whereas among the largest organisations (1000 or more employees) pension provision was virtually universal (99%) (Table 2.5).

Another major determinant of whether organisations were pension providers was their age. One-half (49%) of the oldest organisations (founded pre-1900) were providers, along with three-fifths (61%) of those established between 1900 and 1939. This compared with one-sixth (17%) of those founded in the two years prior to the survey (Table 2.6). Provision increased with age in between these two extremes.

Types of provision
The most commonly occurring type of provision among larger organisations (i.e. those with 20 or more employees) was contributions to personal pensions, over one quarter (27%) of organisations had this

arrangement (Table 2.7) Around one in five (19%) had group personal pensions, and the same proportion (19%) had a defined benefit scheme. Around one in eight (13%) had a defined contribution scheme, 8% had a top hat scheme and 6% had a closed scheme which still made provision for some employees.

The most commonly occurring type of provision among small organisations with fewer than 20 employees was to contribute to employees’ personal pensions, one fifth (20%) of small organisations had this arrangement (Table 2.13). Group personal pensions and top hat schemes were each provided by 6% of organisations, defined benefit schemes by 3% of organisations and defined contribution schemes by 2%.

Nine tenths (90%) of private sector employees in larger organisations employing 20 or more employees worked in organisations that provided a pension for some employees (Table 2.7). Most of these (60% of all employees in larger organisations) worked in an organisation with a defined benefit scheme, due to the large average size of these organisations. Just over two-fifths (43%) of all employees in larger organisations were members of a pension scheme or arrangement which was either provided by, or contributed to, by their employer. Again, the vast majority (31% of all employees in larger organisations) were members of defined benefit schemes.

Less than half (42%) of private sector employees in small organisations (with fewer than 20 employees) worked in enterprises that provided a pension for some employees (Table 2.13). Almost one fifth (22%) of all employees who worked in small organisations that made contributions to employees’ personal pensions, whilst one tenth (11%) worked in organisations with group personal pension arrangements. One fifth (21%) of all employees in small organisations were members of a pension scheme or arrangement which was either provided by, or contributed to, by their employer.

Among larger organisations providing pensions in 1996 one quarter (26%) provided a defined benefit scheme as their main provision. Similar proportions provided contributions to employees’ personal pensions (25%) or a group personal pension (also 25%) (Table 2.8). The main provision for 17% was a defined contribution scheme, while for 6% it was a top hat scheme. Just under two-thirds (63%) of employees whose employer

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2 A top hat scheme is a type of occupational pension scheme where membership is restricted to senior management and directors.

3 An organisation’s main type of provision is that which accounts for the largest number of active members in the organisation.
provided pensions worked in organisations where a defined benefit scheme was the main type of provision. These organisations accounted for three-quarters (76%) of active members of employer-provided schemes or arrangements.

Among small organisations providing pensions in 1996, one half (55%) provided contributions to employees' pension schemes as their main provision (Table 2.14). The next most common type of main provision was a group personal pension, provided by 15%. Around one half (47%) of employees in small organisations that provided pensions worked in organisations where contributions to their personal pensions were the main type of provision. These organisations accounted for two-fifths (41%) of active members of employer-provided schemes or arrangements.

*Multiple provision*

The majority of larger providing organisations (77%) had a single type of scheme or arrangement (Table 2.10). Over half (60%) of employees in larger providing organisations were employed where there was a single type of provision and most commonly (37% of all employees in larger organisations) this was where there was a defined benefit scheme only. For each of the other types of single scheme or arrangement, organisations with that type of provision employed no more than a 7% share of all those people employed by larger organisations providing pensions.

Multiple schemes were present in almost one quarter (23%) of larger providing organisations (Table 2.11). Most commonly, employers combined an occupational scheme (defined benefit or defined contribution) with one or more of the other three types of provision. Those with multiple provision but no occupational scheme amounted to 10% of larger providers. Multiple provision was particularly common among organisations with 500 or more employees.

The vast majority of small providing organisations (91%) had a single type of scheme or arrangement (Table 2.15). A similar proportion of employees in small providing organisations (89%) were employed where there was a single type of provision and most commonly (45% of all employees in small organisations) this was where the employer made contributions to employees' personal pensions. Multiple schemes were present in one tenth (9%) of small providing organisations (Table 2.15).

*Coverage of pension provision among employees*

Just under half (48%) of employees were active members among larger organisations with a single type of provision (Table 2.11). Almost half (44%) of all active members were to be found in larger organisations which operated defined benefit schemes as their sole means of provision, with the proportion of their employees who were members of a pension scheme standing at just under three-fifths (58%).

Among larger organisations with multiple types of pension scheme or arrangement, 50% of employees were active members of a pension scheme.
The form of multiple provision that accounted for the largest proportion of active members (16%) was the combination of an occupational scheme (either defined benefit or defined contribution) and a top hat scheme. Employees within such organisations had one of the highest coverage figures of all (60%).

Overall, coverage was generally greater among the employees of larger organisations. Among those employed by medium-sized organisations with between 20 and 99 employees, two-fifths (40%) were active members of pension schemes (Table 2.12). The proportion was 48% among employees in large firms (100–499 employees) and 51% among employees in organisations which were very large (500+ employees). The lowest coverage figures were mostly found among employees working in organisations with only contributions to personal pension arrangements.

Around two-fifths (42%) of employees were active members among small organisations with a single type of provision (Table 2.16). Among small organisations with multiple types of pension scheme or arrangement, around four-fifths of all employees were active members of a pension scheme.

Reasons for non-provision

Three-tenths (30%) of larger private sector organisations did not provide a pension scheme or arrangement for any of their staff. These organisations employed 10% of the private sector workforce among organisations of this size (Table 2.7). Almost two-thirds (64%) of small organisations did not provide pensions. These organisations employed 58% of the private sector workforce among small organisations (Table 2.13).

One fifth (17%) of large non-providers and two-fifths (37%) of small non-providers said that the main reason for non-provision was that the organisation was too small (Table 2.17). The second most common specific reason given for non-provision was cost. This was mentioned by around one tenth (11%) of larger non-providers and 15% of small non-providers.

The Nature of Pension Provision

Occupational pension schemes were not commonly found among small organisations (i.e., those with less than 20 employees). The low number of schemes precluded detailed analysis and so the results are not summarised in this broad section covering the nature of occupational pension schemes. This section is restricted to organisations with 20 or more employees.

Among larger organisations, the most common occupational pension schemes were open defined benefit schemes, which accounted for one third (35%) of the total (Table 3.1). Open defined contribution schemes accounted for one quarter (25%) of occupational schemes, whilst top hat schemes accounted for around one sixth (16%). The vast majority (79%) of employees who were active members of an occupational scheme were members of a defined benefit scheme. Much smaller proportions were members of defined contribution schemes (13%) or top hat schemes (2%).
Despite accounting for almost one quarter (24%) of all occupational pension schemes, closed schemes (including frozen schemes) accounted for only 6% of active members.

**Age of schemes**
Defined benefit schemes were the longest established of all occupational schemes, with two-fifths (39%) of such schemes having been set up before 1978 (Table 3.2). For defined contribution and top hat schemes, no more than 10% had been established prior to 1978. Overall, 4% of all defined contribution schemes and 1% of all defined benefit schemes had been introduced since the date of the previous survey in 1994.

**Eligibility**
Four-fifths (79%) of defined benefit schemes were available to all sections of the workforce, compared with two-thirds (63%) of defined contribution schemes (Table 3.3). The most commonly specified type of eligibility criteria was to restrict membership of the scheme to white collar staff (7% of all schemes).

Those defined benefit or defined contribution schemes which formed the sole means of pension provision in an organisation were more likely to be available to all sections of the workforce than those which were provided alongside other arrangements (Table 3.4).

**Membership profile**
The active members of defined benefit schemes were one third (32%) female, whereas the proportion of female employees in organisations with such schemes was slightly higher (39%) (Table 3.6). The profile of active members in defined contribution schemes was also one third female (33%), whereas the profile of the workforce in organisations with this type of scheme was over two-fifths female (43%).

Employees in part-time work (those working less than 30 hours per week) were less likely to belong to defined benefit schemes than their counterparts in full-time work. Whilst one fifth (19%) of the employees in organisations with defined benefit schemes worked part-time hours (less than 30 hours per week), less than one tenth (7%) of the active members in these schemes were in part-time work (Table 3.6). The same figures applied in respect of defined contribution schemes.

**Contributions**
Defined benefit schemes were the most likely to be contributory, that is, to require contributions from members as well as from the employer. Almost nine-tenths (86%) of defined benefit schemes required member contributions (Table 3.7). This compared with four-fifths (81%) of defined contribution schemes.

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4 Closed schemes are not open to new members. In some cases, the employer still makes or intends to make contributions for existing members. In other cases (frozen schemes), the employer has permanently ceased contributions for existing members.

5 Unless otherwise stated, the figures which follow under the main heading Nature of Pension Provision refer to open schemes, that is, those which were admitting new members at the time of the survey.
Members were slightly more likely to be required to contribute to schemes which were contracted out of the State Earnings Related Pension Scheme (SERPS) (Table 3.8).

In most cases, the members' contributions were based on a fixed percentage of their pay (or pensionable pay). This was true of four-fifths (82%) of defined benefit schemes and three-fifths (61%) of defined contribution schemes where members contributed to the scheme (Table 3.9). In the majority of the schemes where members' contributions were not based on a fixed percentage, they were based on a percentage which varied between different categories of employee according, for example, to their job or salary.

Overall, half (50%) of all occupational pension schemes were contracted out of SERPS (Table 3.10). Just under one half (46%) were not contracted out, with a small remainder (4%) contracting out only part of the scheme. In general, defined benefit schemes were more likely to be contracted out of SERPS than defined contribution schemes. For defined benefit schemes, the probability of a scheme being contracted out of SERPS rose with the number of active members. Among defined contribution schemes, the probability was greater among newer pension schemes.

Respondents generally reported more generous employer contribution rates for defined benefit schemes than they did for defined contribution schemes. The median rate of employers' contributions to defined benefit schemes was 10.0%, whilst for defined contribution schemes it was only 4.9% (Table 3.11).

Among defined benefit schemes, those which had contracted out of SERPS had higher median rates of employer contributions (11.5%) than those schemes which had not contracted out (9.9%) (Table 3.11). Yet among defined contribution schemes, those which had not contracted out had the higher median rate of employer contributions (4.9%) with the rate for contracted out schemes being slightly lower (4.0%).

In schemes where members also made contributions, the median rate of members' contributions was higher among defined benefit schemes (4.9%) than among defined contribution schemes (3.8%) (Table 3.13).

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1 The contribution rate represents the size of an organization's contributions to the pension scheme expressed as a percentage of the payroll costs of an average member in organisations that had contributed at a reduced rate or enjoyed a contributions holiday over the past year, respondents were asked to give the normal rate of contributions. Where the rate varied respondents were asked to give the average rate.
Placing the median rates for members' contributions alongside those for employers' contributions within contributory pension schemes, and comparing these rates with the contributions made by employers in non-contributory schemes it becomes clear that, in most cases, members' contributions were serving to make up for lower contributions from their employer (Table 3 14)

Retirement age and gender equality

Three quarters (74%) of defined benefit schemes permitted men and women to retire at the same age (Table 3 15). The most common equal retirement age for these schemes was 65 years of age (64% of those schemes with equal retirement ages). The next most common was 60 years of age (20% of schemes with equality)

Defined contribution schemes were less likely than defined benefit schemes to apply equal retirement ages. Only two-thirds (66%) did so. The ages of 65 and 60 were each used by around 30% of schemes, totalling 95% of those schemes with equal retirement ages.

In cases where schemes did not have equal retirement ages when first set up, most of the equalisation had taken place within the last few years. Of those defined benefit schemes which equalised their pension ages after start-up, three-quarters (74%) had done so since 1991. Among equivalent defined contribution schemes, nine-tenths (92%) had equalised their pension ages since 1991.

Among schemes which did not have equal retirement ages, the state pension ages were used in almost all cases (i.e. 65 years for men and 60 years for women). For both types of scheme, unequal retirement ages were much more likely to be found in smaller schemes than in larger ones (Table 3 16).

Trustees

Overall, one per cent of defined benefit and defined contribution schemes were reported to have no trustees (Table 3 17). In a further 7% of cases the respondents were not aware of the nature of the trustee arrangements. One in ten (9%) of open defined contribution schemes were run solely by a corporate trustee company, whereas among open defined benefit schemes the proportion was much higher (24%). Smaller pension schemes were slightly more likely to be run by a corporate trustee company than larger ones.

The remaining schemes (87% of open defined benefit schemes, 67% of open defined contribution schemes) were run by a board of individual trustees. One half (50%) of defined benefit schemes had four or more trustees, compared with just 14% of defined contribution schemes. Large occupational pension schemes were generally much more likely to have a larger number of trustees than small schemes, irrespective of the type of scheme.
Three-quarters (77%) of all schemes which were run by a board of individual trustees had at least some members of the pension scheme on their trustee board (Table 3.19). Four-fifths of defined benefit schemes (83%) which were run by a board of individual trustees had member trustees, while among defined contribution schemes the proportion was three-fifths (63%).

Three in ten schemes (29%) which were run by a board of individual trustees had at least one trustee who had been nominated by members of the pension scheme (Table 3.20). The incidence of member-nominated trustees was highest among defined benefit schemes, with over one third (35%) of the trustee boards of these schemes having member-nominated trustees. The trustee boards of defined contribution schemes were less likely to include member-nominated trustees — only one fifth (22%) did so. In general, larger defined benefit schemes were more likely to have at least some member-nominated trustees than smaller ones. Newer defined contribution schemes were more likely to have them than older ones.

**Financial situation**

Self-investment among defined benefit schemes was rare. Only 1% of defined benefit schemes invested some of their assets back into their own organisation. The figure was much higher (31%) among salary-related top hat schemes.

Around four-fifths of defined benefit and salary-related top hat schemes were in surplus at the time of the survey, meaning that the valuation of each scheme’s assets exceeded its liabilities. However, defined benefit schemes were slightly more likely than top hat schemes to be underfunded. One in seven defined benefit schemes (15%) had liabilities which exceeded their assets (Table 3.21). This compared with just 2% of salary-related top hat schemes.

**Group personal pensions and arrangements whereby employers contribute to personal pensions**

Arrangements where employers contribute to employees’ individual personal pensions were more common than group personal pensions, comprising of 56% of all personal pension arrangements within organisations having 20 or more employees and 74% of all personal pension arrangements within small organisations with fewer than 20 employees.

**Age of arrangements**

Substantial proportions of personal pension arrangements had been established in the two years prior to the 1996 survey. Within larger organisations, one fifth (22%) of arrangements where employers made contributions to personal pensions had been established in this period, as had one in seven group personal pensions (15%) (Table 3.27a). Within

It should be noted, however, that trustees who were nominated by members of the scheme would not necessarily meet the member-nominated trustee requirements set out in the Pension Act 1995 as the survey took place before the implementation of the Act.
small organisations, 24% of arrangements where employers made contributions to personal pensions and 10% of group personal pensions had been established in this period (Table 3.27b)

**Relationship to SERPS**

Many of those employers who contributed to their employees’ personal pensions did not know how many of these employees held Appropriate Personal Pensions (APPs) or refused to say. Of the remainder, one tenth (12%) of those in larger organisations said that all of these employees held APPs, two-fifths (41%) said that only some employees did and a similar proportion (47%) said that none had contracted out of SERPS. Within small organisations, over one third (37%) said that all of the employees had contracted out of SERPS, yet the same proportion (37%) said that none had done so. Just over a quarter (26%) said that only some employees did. Those pension arrangements which had been more recently established were more likely than older arrangements to consist, either partially or wholly, of employees with APPs.

**Contributions**

Among larger organisations (i.e. those with 20 or more employees), one half (49%) of employers with a group personal pension arrangement made contributions for all of the members of the arrangement. In a small minority (53%) of arrangements, no contributions were made at all by the employer. Hence, in 45% of arrangements, larger employers only made contributions for a proportion of members. Among small organisations, 22% of employers made contributions for all members of their group personal pension arrangement and 75% made contributions for only some, leaving 4% who made no contributions at all.

For those personal pension arrangements where employers made contributions for their employees, respondents were asked to specify the rate at which these contributions were being made (expressed as a percentage of the payroll costs of an average member). Many respondents were unable to provide a rate.

In those larger organisations where respondents were able to specify a rate, the median rate of employers’ contributions paid into employees personal pensions was 5.9%, for group personal pensions it was 4.9% (Table 3.28). In smaller organisations where respondents could specify a rate the median rate of employers’ contributions paid into employees’ personal pension arrangements was 5.7%, for group personal pensions it was 7.6% (Table 3.29).

**Recent and Expected Changes in Pension Provision**

In 1996, around one quarter (27%) of all larger providers (19% of all organisations with 20 or more employees) had begun providing pension arrangements for employees within the previous five years, that is since 1991. New providers were younger organisations than providers in general, but they were also younger than non-providers (Table 4.1). They were also generally larger than non-providers. Further analysis suggested that fast-growing organisations are more likely to be current pension providers. Providers had grown by 10 employees per year on
average since they first started operations, whereas non-providers had grown by an average of only 4 employees per year since they started up

One in seven small organisations (14%) had begun providing pensions in the five year period between 1991 and 1996, amounting to two-fifths (39%) of all small providers. Small new providers were much younger than small providers as a whole and were also younger than small non-providers (Table 4.2)

The most common type of provision among larger new providers was a group personal pension just under a half (44%) of larger new providers had introduced this arrangement. Next most common (41% of new providers) were contributions to personal pensions. Over half (55%) of small new providers had set up contributions to employees’ personal pensions, whilst one fifth had set up a group personal pension. The great majority of new providers in either size group had introduced only a single type scheme (Table 4.3)

Some 6% of larger current providers (3% of all larger organisations) had made additional arrangements in the last five years, whilst among small current providers the figure was 4% (1% of all small organisations). Personal pensions were the most common type of additional provision.

One in twenty larger organisations (5%) had changed the type of their pension provision or arrangement between 1991 and 1996, amounting to 7% of larger providers in 1996. They tended to be those which employed substantial numbers of employees. The single most common change in the type of provision was from a defined benefit scheme to group personal pensions but such changes accounted for less than one third (30%) of all changers and less than 2% of larger providing organisations. Overall, only 1% of small organisations had changed their type of pension provision since 1991, amounting to 2% of all small providers.

Very few organisations had closed a scheme without replacement (2% of all larger organisations and 1% of small organisations). The majority were still pension providers.

**Expected changes**

Non-providing organisations were asked if they had ever seriously considered providing some form of pension arrangement for employees. One quarter (23%) of larger non-providers and one fifth (18%) of small non-providers reported that they had. In both groups one tenth of all non-providers expected to introduce provision within the next five years.

Almost one fifth (18%) of larger current providers with defined benefit schemes reported that they expected to move to a defined contribution scheme within the next five years. This proportion did not vary significantly by size of organisation. In contrast, less than 1% of larger
current providers with defined contribution schemes expected to change to a defined benefit scheme. One in seven larger organisations with only a current occupational scheme (15%) expected to move to providing group personal pensions. One in twenty (5%) expected to move to contributing to personal pensions.

Only 8% of small providers with defined benefit schemes expected to move to a defined contribution scheme within the next five years. Fewer (3%) expected to move in the opposite direction. Only 2% of small providers without a GPP scheme expected to change to such a scheme, whilst 6% of those without an arrangement for contributing to employees personal pensions expected to introduce this type of provision.
I INTRODUCTION

1.1 Objectives of the survey
A principal objective of the survey was to provide a picture of pension provision in Great Britain in 1996. This would update the picture of pension provision by private sector employers which was obtained from a national survey in 1994 (Casey et al., 1996). A further objective was to detect, where possible, changes in employers’ provision up to five years prior to the survey and to learn about the reasons why employers changed their arrangements. The new survey results would also act as a benchmark against which any subsequent changes in provision could be measured.

1.2 Research design
In the interests of comparability, many of the major features of the design of the new survey were kept the same as for the 1994 survey. In 1994, an initial screening interview was followed by main-stage interviews with 1,032 employers from across the private sector in Great Britain. Face-to-face interviews were conducted with organisations which provided pensions whilst non-providing organisations were contacted by telephone.

In 1996, the population to be covered was again all private sector organisations in Great Britain, the Dun and Bradstreet Head Office register was again used as the sampling frame for reasons of consistency. As in 1994, different sampling fractions were used for different sizes of organisation. However, the 1996 sample design differed somewhat from that used in 1994 because the 1994 survey results enabled us to design the 1996 sample structure on the basis of more reliable predictions of the different types of pension provision among organisations of different sizes. This refinement of the sample design improved the coverage of the different types of arrangement within the 1996 achieved sample. Principally, it improved the coverage of group personal pension arrangements and arrangements involving employer contributions to personal pensions through the improved coverage of medium-sized and small organisations respectively. A second modification was to conduct a complete census (100% sample) of the largest organisations (those with 10,000 employees) in order to improve the accuracy of employee estimates.

With a more limited requirement for information than in 1994, the new survey was conducted wholly by telephone using computer-assisted interviewing. The change in method is not thought to have affected the comparability of the results itself, but it considerably reduced the cost of the research, while permitting a larger sample of organisations to be interviewed. As in 1994, the interviews with pension providers were considerably longer than with non-providers, those with employers who had more than one pension scheme or arrangement were generally the longest. The average length of the interviews was 15 minutes.
interviews were conducted with 'the person responsible for pensions' / 'the person responsible for personnel' at the organisation's head office, as in 1994. These respondents had been identified in an initial screening cohort.

The overall response rate for the survey was 80%, somewhat higher than the overall response rate of 58% in 1994, providing 1,859 productive interviews. There were no marked differences in response rates across different sizes of organisation.

However, while the Dun and Bradstreet register covers organisations of all sizes, it is designed to concentrate on organisations that carry out a certain degree of trade and it therefore does not provide a comprehensive coverage of the population of small organisations. Estimates of the numbers of very small organisations included in the register were found to be substantially lower than similar estimates from the Inter Departmental Business Register (IDBR) maintained by the Office of National Statistics. These comparisons were made by size (12 categories) and industry (16 SIC classes). The differences were particularly noticeable in the two smallest size categories (1-9 and 10-19 employees). While no register of organisations can be fully up to date or comprehensive, we decided that the survey results would better represent the population of private sector organisations if they were weighted to reflect the population represented by the IDBR. We adopted the procedure of 'ram weighting', aiming to maximise the match of the sample to the population along two dimensions simultaneously, in this case size and industry.

Because the population of small organisations is very fluid, we retain some doubts about its size relative to the population of larger organisations. This means that presenting estimates for the population of organisations as a whole is hazardous, particularly where (as here) the matters of interest vary markedly by size. We have therefore, in this report, separately presented results for larger organisations (20 or more employees) from those for small organisations (1-19 employees), choosing to present results from the two groups in separate sections.

Changing the basis on which the population estimates are made makes it impossible to make proper comparisons with results from the first survey in 1994. The current report thus concentrates on the 1996 results.

---

1. The 1996 survey incorporated both a shorter screening interview and a shorter main interview than the 1994 survey, and so a higher response rate is to be expected because of the lower demands placed upon respondents.

2. Ram weighting avoids the necessary subjectivity involved in the more usual cell weighting, where the analyst has to decide which cells to combine when empty cells occur. Ram weighting is an iterative procedure which, in our case, alternately optimises the match of the sample to population size distribution and to its industry distribution using the appropriate weights obtained from the previous iteration. In this case, the process converged after seven iterations.
The terminology used in this report to describe the different types of pension arrangement is identical to that used in the earlier survey.

- **Occupational pension schemes**: arrangements organised by an employer (or on behalf of a group of employers) to provide benefits for their employees on their retirement and for their surviving dependants on their death. These include defined benefit, defined contribution and top hat schemes.

- **Defined benefit/salary related schemes**: schemes which specify the benefits to be paid — usually a fraction of final salary for each year of service — and are financed accordingly, either by the employer alone or, more usually, by the employer and the scheme member.

- **Defined contribution/money purchase scheme**: schemes where a specified percentage of the member's earnings is paid into the scheme and the amount of pension is determined by the amount of contributions paid in to the scheme in respect of that member and the investment return on the contributions.

- **Personal pensions**: a private form of pension arrangement between an individual employee and an insurance company, building society or bank. Employers may contribute to an employee's personal pension plan. Only those arrangements to which employers were contributing were covered by the survey.

- **Group personal pensions**: personal pension plans that an employer has organised with an insurance company, building society or bank for a group of employees. Employers may make contributions to these employees' personal pension plans. All group personal pension arrangements were covered by the survey, irrespective of whether an employer was contributing to the arrangement.

- **Top hat schemes**: a type of occupational pension scheme where membership is restricted to senior management and directors.

Pension arrangements can be **contracted out** or **not contracted out**. In the latter case, the employer and employees pay full rate National Insurance contributions which entitles the employee to a pension from the State Earnings Related Pension Scheme (SERPS) in addition to the basic state retirement pension. In the former case, schemes or arrangements which are contracted out of SERPS — employers and employees pay lower National Insurance contributions. Their pension scheme or arrangement provides benefits which broadly replace SERPS. Until 1988, when the 1986 Social Security Act took effect, only defined benefit schemes could contract out of SERPS. The Act opened the way for defined contribution schemes and personal pensions to do so. A personal pension which is contracted out of SERPS is referred to as an **appropriate personal pension**.

Lastly, although employers normally contribute to occupational pension schemes or arrangements, employees sometimes do not. Schemes into which employees do pay contributions are known as **contributory**.
schemes, whilst those into which employees make no contribution are known as **non-contributory** schemes.

**1.5 Plan of the report**

The report contains three substantive chapters. Chapter 2 describes the incidence of pension provision by employing organisations, both overall and in terms of the various types of schemes or arrangements. In Chapter 3 the nature of schemes or arrangements is described. Chapter 4 reports on recent changes in provision and employers' intentions for the near future. Appendix A gives full details of the survey method.

**1.5.1 Conventions used**

The results presented and discussed are a selection of the large quantity of tabular analysis that has been carried out on the data. On most questions the results have been analysed using a number of standard classificatory variables at the organisation level: size (number of employees in Great Britain), age since first started operations, industry and workforce composition. Where no comment is made on these characteristics in the analysis it can be assumed that there were no significant differences to report.

The numbers presented in the tables in Chapters 2 to 4 have generally been rounded to the nearest whole number. Tables indicate whether percentages are calculated for columns, rows or cells and show both the weighted base and the unweighted base for each sample sub-group. It is the unweighted base which should be referred to when assessing the accuracy of any particular figure or the likely statistical significance of differences between sample sub-groups.

For ease of calculation of the size of sub-groups and hence the calculation of proportions for combined categories, the weighted base of organisations for the 1996 survey sample has been arbitrarily set at 1000. The re-scaling has only been carried out on organisational-level tables and does not affect any of the reported results.

In tables, the symbol ‘*’ is used to indicate a non-zero percentage which is less than 0.5%. The symbol ‘-’ indicates that the cell of the table is empty. The abbreviation ‘n/a’ indicates that data required for a particular cell was not available. Parentheses surround percentages calculated from bases of less than 50 unweighted organisations in order to emphasise the lack of precision brought about by small bases.

Where tables add to less than 100% we have omitted the ‘Don’t know’ and ‘Not stated’ categories, which are usually of negligible size, and otherwise are noted in the text. Due to rounding, the sum of percentages does not necessarily equal 100%. Some tables add to more than 100%, in the case of questions to which each respondent could give several answers.
The report makes a great deal of reference to the size categories of organisations. For brevity, we have used the following terms to refer to each size band:

- 'small'  Under 20 employees
- 'medium' 20 to 99 employees
- 'large' 100 to 499 employees
- 'very large' 500 or more employees
2 THE INCIDENCE OF PENSION PROVISION

This chapter describes the extent and general nature of pension provision among private sector organisations in 1996.

First, the sample of 1859 private sector organisations is described in terms of their size, age, industry sector and other key attributes. The chapter then goes on to show the extent of overall provision and its variation across different types of organisation. Following this, organisations are classified according to their main type of pension scheme or arrangement and also according to the different combinations of schemes or arrangements which they provide for their employees. The coverage of pension provision among employees is also presented. The chapter ends with a discussion of the reasons why some organisations do not provide pensions for their workforce.

2.1 Characteristics of private sector organisations

The survey covered private sector organisations in England, Scotland and Wales. The first column of Table 2.1 shows how the sampled units varied in terms of their size (number of employees). The second column shows the distribution of private sector employees by size of organisation.

<table>
<thead>
<tr>
<th>Size of Organisation</th>
<th>Organisations</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5 employees</td>
<td>61</td>
<td>13</td>
</tr>
<tr>
<td>6-12 employees</td>
<td>26</td>
<td>15</td>
</tr>
<tr>
<td>13-19 employees</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>20-49 employees</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>50-99 employees</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>100-499 employees</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>500-999 employees</td>
<td>*</td>
<td>5</td>
</tr>
<tr>
<td>1000+ employees</td>
<td>*</td>
<td>37</td>
</tr>
<tr>
<td>Weighted base</td>
<td>992</td>
<td>992</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>1831</td>
<td>1831</td>
</tr>
</tbody>
</table>

Note: All organisations where number of employees specified.

The table shows that the population of private sector organisations is dominated by organisations with small workforces. In this report, we use the generic term 'small' to refer to organisations with less than 20 employees and, in 1996, this broad category accounted for 93% of all private sector organisations. Two-thirds (66%) of these were very small organisations (those with 5 employees or less), a category which accounted for 61% of all organisations. A further 6% of all private sector organisations were 'medium sized', having between 20 and 99 employees. The remaining
1% of private sector organisations were either ‘large’ (having between 100 and 499 employees), or ‘very large’ (having 500 employees or more).

Despite being few in number, the size of the larger organisations meant that they employed the vast majority of private sector employees. Those organisations which employed 100 employees or more together accounted for around one per cent of all organisations but employed almost half (49%) of the private sector workforce. In fact, one third (32%) of the employees in the private sector in 1996 were employed by a very small number of extremely large organisations having 1000 employees or more.

Table 2.2 shows that a substantial proportion (23%) of private sector organisations had been established since 1992 and so were under 5 years old at the time of the survey. Over half had been established within the last 15 years (i.e. since 1982). In contrast, around one in seven (15%) were established before 1962. In the case of multi-national organisations, this table refers to the age of their British operations.

**Table 2.2 Date organisation commenced operations in Great Britain**

<table>
<thead>
<tr>
<th>Date</th>
<th>Organisations</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-1902</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>1902-1941</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>1942-1961</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>1962-1981</td>
<td>27</td>
<td>24</td>
</tr>
<tr>
<td>1982-1991</td>
<td>36</td>
<td>22</td>
</tr>
<tr>
<td>1992-1996</td>
<td>73</td>
<td>10</td>
</tr>
<tr>
<td>Weighted base</td>
<td>974</td>
<td>974</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>1791</td>
<td>1791</td>
</tr>
</tbody>
</table>

*Base: All organisations where date of establishment specified*

The second column of data in Table 2.2 gives the proportion of private sector employees that were employed by organisations of different ages. It shows that older organisations also tended to be larger, indicated by the fact that longer-established organisations account for a disproportionate number of employees. For example, those organisations which commenced GB operations before 1902 accounted for only 3% of all private sector organisations, yet employed 20% of all private sector employees.

The distribution of organisations and employees across different industrial sectors is shown in Table 2.3. The first two columns of this table show the distribution of the 1996 achieved sample across the broad classes of the 1992 Standard Industrial Classification (SIC 92). The importance of service industries is clearly evident. The industry groups which accounted for the greatest proportion of organisations were retail and distribution (30%) and banking, finance and business services (29%). These two groups
also accounted for the greatest proportions of employees (27% of all employees working in retail and distribution, 25% in banking, finance and business services). Manufacturing was the third largest sector of industry both in terms of its share of organisations (12%) and its share of employees (20%).

The third column of the table shows the distribution of private sector employees by industry, as estimated by the Labour Force Survey (LFS) of Spring 1996. The LFS distribution is broadly comparable to that seen from our survey. The most obvious differences occur in the manufacturing category where the 1996 Employers’ Pension Provision Survey estimate of 20% is somewhat lower than that provided by the LFS (29%), and in the banking, finance, and business services category, where the 1996 Employers’ Pension Provision Survey estimate of 25% is somewhat higher than the LFS figure (17%).

Table 2.3 Industrial sector (SIC 1992)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Organisations</th>
<th>Employees¹</th>
<th>Employees (LFS)²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture &amp; fishing</td>
<td>4</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Energy &amp; water</td>
<td>*</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12</td>
<td>20</td>
<td>29</td>
</tr>
<tr>
<td>Construction</td>
<td>9</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Retail, distribution, hotels &amp; catering</td>
<td>30</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Transport &amp; communications</td>
<td>4</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Banking, finance &amp; business services</td>
<td>29</td>
<td>25</td>
<td>17</td>
</tr>
<tr>
<td>Public administration, education &amp; health</td>
<td>3</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Other services</td>
<td>9</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Weighted base</td>
<td>981</td>
<td>942</td>
<td></td>
</tr>
<tr>
<td>Unweighted base</td>
<td>1830</td>
<td>1500</td>
<td></td>
</tr>
</tbody>
</table>

Base: All organisations where industry specified.
¹ The distribution of employees excludes 41 weighted cases (330 unweighted) from the Business Services category. These cases were classified by our respondents as holding companies. They were excluded from this employee distribution for the purposes of comparison with the Labour Force Survey since it is expected that LFS respondents employed in the constituent parts of such organisations would classify their employer under other headings which reflected the specific nature of the part of the business in which they worked. These cases are included in all other employee estimates presented in this report.
² This column shows the distribution of private sector employees by industry as estimated by the Labour Force Survey of Spring 1996 (Authors’ calculations from unpublished data.)

Turning to the composition of the workforce in private sector organisations, one quarter (24%) of all private sector organisations in 1996 had wholly male workforces (Table 2.4). In a further two-fifths (39%), women were in the minority: in 15% of workforces women represented less than one quarter of the workforce whilst in a further 24% they represented between one quarter and one half. In only one eighth (13%)
of all workforces did women make up 75% or more of the total number of employees. The employee-weighted figures show that organisations which had either wholly male or wholly female workforces were small in size, each employing no more than 5% of all private sector employees.

Table 2.4 Proportion of female employees and proportion of part-time employees

<table>
<thead>
<tr>
<th></th>
<th>Female employees</th>
<th>Part-time employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Organisations</td>
<td>Employees</td>
</tr>
<tr>
<td>Zero</td>
<td>24</td>
<td>5</td>
</tr>
<tr>
<td>1-24%</td>
<td>15</td>
<td>29</td>
</tr>
<tr>
<td>25-49%</td>
<td>24</td>
<td>30</td>
</tr>
<tr>
<td>50-74%</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>75-99%</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>100%</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Weighted base</td>
<td>990</td>
<td>990</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>1723</td>
<td>1722</td>
</tr>
</tbody>
</table>

Base: All organisations where numbers of female and part-time employees specified

The proportion of private sector organisations which employed only-full time staff was just over a half (52%) \(^{10}\). A further one in seven (14%) employed less than one quarter of their workforce on a part-time basis. Only a small proportion of organisations (7%) had 75% or more of their employees working part-time. The employee-weighted figures in Table 2.4 show that the majority of employees in the private sector worked in organisations where part-time workers made up less than one quarter of the workforce.

2.2 The extent of employers’ pension provision

Having outlined the characteristics of private sector organisations at the time of the survey, the report now moves on to examine the incidence of pension provision in 1996. In 1996 two-fifths (38%) of all private sector organisations made provision for pensions for at least some of their employees \(^{11}\). However, Table 2.5 shows that the extent of provision varied considerably by organisational size, with larger organisations being more likely to provide pensions than smaller ones. Less than a third (29%) of the very smallest organisations (1–5 employees) and just under a half (47%) of those with 6–12 employees provided pensions. Among the largest organisations (1000 or more employees) pension provision was almost universal (99%) \(^{11}\). In between the smallest and the largest organisations, pension provision increased steadily with size.

\(^{10}\) Full-time staff are defined as those working 30 hours or more per week, part-timers as those working less than 30 hours per week.

\(^{11}\) This includes a tiny proportion who only had a closed scheme, one not open to new members but into which the employer was still making, or intending to make, contributions for existing members.
Table 2.5 Provision of pensions by size of organisation in Great Britain

<table>
<thead>
<tr>
<th>Size of organisation</th>
<th>Proportion providing</th>
<th>Weighted bases</th>
<th>Unweighted bases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5 employees</td>
<td>29</td>
<td>609</td>
<td>380</td>
</tr>
<tr>
<td>6-12 employees</td>
<td>47</td>
<td>261</td>
<td>198</td>
</tr>
<tr>
<td>13-19 employees</td>
<td>49</td>
<td>57</td>
<td>90</td>
</tr>
<tr>
<td>All with 1-19 employees</td>
<td>36</td>
<td>927</td>
<td>668</td>
</tr>
<tr>
<td>20-49 employees</td>
<td>66</td>
<td>48</td>
<td>181</td>
</tr>
<tr>
<td>50-99 employees</td>
<td>71</td>
<td>13</td>
<td>136</td>
</tr>
<tr>
<td>100-499 employees</td>
<td>90</td>
<td>8</td>
<td>248</td>
</tr>
<tr>
<td>500-999 employees</td>
<td>92</td>
<td>1</td>
<td>121</td>
</tr>
<tr>
<td>1000+ employees</td>
<td>99</td>
<td>1</td>
<td>493</td>
</tr>
<tr>
<td>All with 20+ employees</td>
<td>70</td>
<td>71</td>
<td>179</td>
</tr>
</tbody>
</table>

All size bands       38  997  1847

Base: All organisations

Another major determinant of whether organisations were pension providers was their age (Table 2.6) One half (49%) of the oldest organisations (founded pre-1900) were providers compared with one sixth (17%) of those founded in the two years prior to the survey (1995-96). Provision increased steadily with age in between these two extremes.

Table 2.6 Provision of pensions by year organisation began operations in Great Britain

<table>
<thead>
<tr>
<th>Year began operations</th>
<th>Proportion providing</th>
<th>Weighted bases</th>
<th>Unweighted bases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-1900</td>
<td>49</td>
<td>29</td>
<td>285</td>
</tr>
<tr>
<td>1900-1939</td>
<td>61</td>
<td>44</td>
<td>214</td>
</tr>
<tr>
<td>1940-1959</td>
<td>44</td>
<td>49</td>
<td>168</td>
</tr>
<tr>
<td>1960-1979</td>
<td>44</td>
<td>219</td>
<td>434</td>
</tr>
<tr>
<td>1980-1989</td>
<td>39</td>
<td>327</td>
<td>402</td>
</tr>
<tr>
<td>1990-1994</td>
<td>34</td>
<td>222</td>
<td>227</td>
</tr>
<tr>
<td>1995-1996</td>
<td>17</td>
<td>85</td>
<td>64</td>
</tr>
<tr>
<td>All organisations</td>
<td>38</td>
<td>975</td>
<td>1794</td>
</tr>
</tbody>
</table>

Base: All organisations

2.3 Types of provision for pensions among larger organisations

This next section considers the various types of pension arrangements which are provided by larger organisations (i.e., those with 20 or more employees). In doing so, it covers the overall incidence of different types of provision among private sector organisations, the nature of the main types of pension provision within these organisations and the patterns of multiple provision. The discussion of provision among organisations with fewer than 20 employees follows in Section 2.5. The majority of the tables contained in this section therefore exclude organisations with fewer
than 20 employees, these organisations only being included in tables which are broken down by size of organisation.

2.3.1 Summary of provision

The overall incidence of the various types of provision among larger private sector organisations in Great Britain is shown in column 1 of Table 2.7. Some organisations operated more than one scheme or arrangement, the sum of the percentages for individual types of scheme is therefore greater than the overall percentage of organisations that made some type of pension provision.

Table 2.7 Summary of pension provision and coverage of different types of pension arrangement among larger organisations

<table>
<thead>
<tr>
<th>Type of provision</th>
<th>Percentage of organisations with each type of arrangement</th>
<th>Percentage of employees in organisations with each type of arrangement</th>
<th>Percentage of active members in each type of arrangement</th>
<th>Active members as a percentage of the total private sector workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit</td>
<td>19</td>
<td>60</td>
<td>71</td>
<td>31</td>
</tr>
<tr>
<td>Defined contribution</td>
<td>13</td>
<td>20</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>Top Hat</td>
<td>8</td>
<td>16</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Closed occupational pension scheme</td>
<td>6</td>
<td>12</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Contributions to personal pensions</td>
<td>27</td>
<td>18</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Group personal pensions</td>
<td>19</td>
<td>16</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Any provision</td>
<td>70</td>
<td>90</td>
<td>100</td>
<td>43</td>
</tr>
<tr>
<td>No provision</td>
<td>30</td>
<td>10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Base: Columns 1 and 2 are based on all organisations with 20 or more employees (unweighted base 11,739).

Column 3 is based on organisations with 20 or more employees where number of active members specified.

Column 4 is based on organisations with 20 or more employees where number of employees and if a provider number of active members were specified.

Notes: The figures in column 4 may include some double counting if employees were members of more than one pension scheme within the same organisation. Hybrid occupational schemes are categorized according to the basis on which benefits had generally been calculated over the last five years.

Top hat schemes are a type of occupational pension scheme where membership is restricted to senior managers and directors.

The most commonly occurring type of provision was contributions to personal pensions, just over one quarter (27%) of larger organisations had this arrangement. Around one fifth (19%) had group personal pensions, and the same proportion had a defined benefit scheme. One in eight larger organisations (13%) had a defined contribution scheme, whilst less than one in ten (8%) had a top hat scheme. Around one in twenty (6%) had a closed occupational pension scheme that still made some provision for employees.

12 Figures relating to occupational schemes include hybrid schemes. In this chapter and throughout the report, hybrid schemes are analysed according to the basis on which benefits had generally been calculated over the last five years. In most of the hybrid schemes this was on a defined benefit, rather than a defined contribution basis.

11 A top hat scheme is a type of occupational pension scheme where membership is restricted to senior managers and directors.
The second column of Table 2.7 shows the distribution of employees among organisations with the different types of scheme. Nine tenths (90%) of employees worked in an organisation that provided a pension for some employees. Employees most commonly worked in an organisation with a defined benefit scheme, three fifths (60%) of all those employed in private sector organisations with workforces of 20 or more employees worked in organisations with a defined benefit scheme. One fifth (20%) worked in an organisation with a defined contribution scheme while around one sixth (16%) worked in an organisation operating a top hat scheme. Just over one in ten (12%) worked where there was a closed occupational scheme. Almost one fifth (18%) worked in organisations where the employer made contributions to personal pensions for some employees, slightly fewer (16%) worked where the organisation operated a group personal pension scheme.

The third column of Table 2.7 shows the proportion of employed active members in each type of pension arrangement. Seven out of ten active members (71%) were in defined benefit schemes, whilst around one in ten (12%) were in defined contribution schemes. Group personal pensions accounted for 7% of active members, closed occupational pension schemes accounted for 5%, contributions to personal pensions for 3% and top hat schemes for 2%.

The final column in the table expresses the number of active members in each type of pension scheme as a percentage of the total private sector workforce in larger organisations. Just over two-fifths (43%) of all private sector employees in organisations with 20 employees or more were members of a pension scheme or arrangement which was either provided by, or contributed to, by their employer. The vast majority of these (31% of all employees in larger organisations) were members of defined benefit schemes. Defined contribution schemes accounted for a further 5%. Together, group personal pensions and arrangements whereby an employer contributed to an employee’s personal pension accounted for just 4% of the workforce.

2.3.2 Main type of pension provision

Organisations may be characterised by their main type of pension provision, that is the type which accounts for the largest number of active members within the organisation. Table 2.8 shows that, of those larger organisations providing any pension, similar proportions provided either a defined benefit scheme (26%), contributions to personal pensions (25%) or a group personal pension (25%) as their main provision. For one in six (17%) their main provision was a defined contribution scheme, while for 6% it was a top hat scheme.

Just over three-fifths (63%) of employees who were employed in larger organisations providing pensions worked in organisations where a defined benefit scheme was the main type of provision (Table 2.8). Defined contribution schemes were the main scheme of organisations employing
14% of employees in providing organisations. Organisations whose main type of provision was a group personal pension arrangement employed 11%, with those primarily making contributions to personal pensions organisations employing 9% and those with a top hat as their main scheme 3%.

Table 2.8 Main types of pension provision among larger organisations, by organisation and employees

<table>
<thead>
<tr>
<th>Type of provision</th>
<th>Main provision of organisation</th>
<th>Employees of organisations with main form of provision</th>
<th>Active members in main form of provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit</td>
<td>26</td>
<td>63</td>
<td>76</td>
</tr>
<tr>
<td>Defined contribution</td>
<td>17</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>Top Hat</td>
<td>6</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Contributions to personal pensions</td>
<td>25</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Group personal pensions</td>
<td>25</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>Weighted base</td>
<td>50</td>
<td>50</td>
<td>48</td>
</tr>
<tr>
<td>Unweighted</td>
<td>1050</td>
<td>1050</td>
<td>1017</td>
</tr>
</tbody>
</table>

Base: Columns 1 and 2 are based on all providers with 20 or more employees

Column 3 is based on all providers with 20 or more employees where number of active members specified

Larger organisations whose main provision was a defined benefit scheme accounted for 76% of active members of employer-provided schemes or arrangements (Table 2.8). Just over one tenth (12%) of all active members worked where the main provision was a defined contribution scheme, while a further 8% worked where the main provision was a group personal pension. The other two types of main scheme or arrangement each covered 3% or less of active members.

Organisations' main type of provision varied markedly according to the size of their workforce. Defined benefit schemes were most common in very large organisations – three quarters (74%) of providers employing 500 or more people had a defined benefit scheme as their main type of provision (Table 2.9). The incidence of defined benefit schemes as a main type of provision declined with the size of the organisation, such that only one fifth (21%) of medium-sized organisations (those with 20-99 employees) had a defined benefit scheme as their main provision. In contrast, the incidence of contributions to personal pensions and group personal pensions was higher among smaller organisations. Almost three-tenths (28%) of medium-sized organisations had contributions to personal pensions as their main provision, with the same proportion having a
group personal pension, whereas among very large organisations, only 9% had group personal pension as their main provision and only 4% contributions to personal pensions

Table 2.9 Main type of pension provision, by size of organisation in Great Britain

<table>
<thead>
<tr>
<th>Size of organisation in Great Britain (Number of employees)</th>
<th>Column percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of provision</td>
<td>Under 20</td>
</tr>
<tr>
<td>Defined benefit</td>
<td>9</td>
</tr>
<tr>
<td>Defined contribution</td>
<td>5</td>
</tr>
<tr>
<td>Top Hat</td>
<td>13</td>
</tr>
<tr>
<td>Contributions to personal pensions</td>
<td>55</td>
</tr>
<tr>
<td>Group personal pensions</td>
<td>15</td>
</tr>
<tr>
<td>Weighted base</td>
<td>323</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>253</td>
</tr>
</tbody>
</table>

Base: All providers where number of employees specified.

2.3.3 Multiple provision

In Section 2.3.2 organisations were characterised by their main type of pension provision: the scheme or arrangement which accounts for the largest number of active members in the organisation. In most cases the main scheme or arrangement was the only type of provision. However, around one quarter (23%) of employers with 20 or more employees had more than one scheme or arrangement, with different schemes or arrangements applying to different groups of employees.

Among those with a single type of provision, the most common arrangement (23% of providers) was to contribute to personal pensions, followed by defined benefit schemes (20%) and group personal pensions (18%) (Table 2.10). One in ten providers (11%) had only a defined contribution scheme and 4% provided solely via a top hat scheme.

Three-fifths (60%) of employees in providing organisations with 20 or more employees were employed where there was a single type of provision and, most commonly (37% of employees) this was where there was a defined benefit scheme only. For each of the other types of single scheme or arrangement, organisations with that type of provision employed no more than a 7% share of all those people employed by larger organisations providing pensions.

Multiple schemes were present in around one quarter (23%) of all organisations with 20 or more employees. Most commonly (8%),

14 Main types of provision among small organisations (those with less than 20 employees) are discussed in Section 2.3.2.
employers combined an occupational scheme (defined benefit or defined contribution) with contributions to personal pensions. A further 6% combined contributions to personal pensions with a group personal pension. Very few (less than 1%) had both a defined benefit and a defined contribution scheme.

Multiple provision was particularly common among very large organisations. In consequence, the proportion of employees in organisations with multiple provision, 40%, was greater than the proportion of organisations with multiple provision (23%). The type of multiple provision where the largest number of people was employed was the combination of an occupational scheme and a top hat scheme. 13% of employees in organisations providing pensions were in such situations. Some 7% of employees in organisations providing pensions were employed where there were both types of occupational pension scheme (defined benefit and defined contribution), despite this combination being offered by less than 1% of providers.
### Table 2.10 Incidence of single and multiple pension arrangements among larger providing organisations

<table>
<thead>
<tr>
<th>Type of provision</th>
<th>Percentage of providing organisations with specified provision</th>
<th>Percentage of employees in providing organisations with specified provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single type of provision</td>
<td>77</td>
<td>60</td>
</tr>
<tr>
<td>Defined benefit scheme(s) only</td>
<td>20</td>
<td>37</td>
</tr>
<tr>
<td>Defined contribution scheme(s) only</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>Top Hat scheme(s) only</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Contributions to personal pensions only</td>
<td>23</td>
<td>7</td>
</tr>
<tr>
<td>Group personal pensions only</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td>Closed scheme(s) only</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Multiple types of provision</td>
<td>23</td>
<td>40</td>
</tr>
<tr>
<td>Defined benefit and defined contribution scheme only</td>
<td>*</td>
<td>7</td>
</tr>
<tr>
<td>Occupational scheme and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Top Hat scheme</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>- Group personal pension</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>- Contributions to personal pensions</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Group personal pension and contributions to personal pensions</td>
<td>*</td>
<td>1</td>
</tr>
<tr>
<td>Group personal pension and contributions to personal pensions and top hat scheme</td>
<td>*</td>
<td>2</td>
</tr>
<tr>
<td>Group personal pension and contributions to personal pensions</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Group personal pension and contributions to personal pensions and top hat scheme</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Weighted base</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>1060</td>
<td>1060</td>
</tr>
</tbody>
</table>

**Base:** All providers with 20 or more employees

2.4 Coverage of pension provision among employees of larger organisations

Having examined the types of pension provision within larger organisations (i.e. those with 20 or more employees), we now look at the way in which private sector workers and active pension scheme members within such organisations are distributed between these different types of provision. Coverage among employees of small organisations is discussed in Section 2.6.

The first column of Table 2.11 shows the proportion of employees that were working in larger organisations with provision of each type. The second shows the proportion of active pension scheme members that were employed in these organisations. The third shows the proportion
of employees in these organisations that were active members of a pension scheme or arrangement. As already seen in an earlier table (Table 2.7), almost all (90%) of the private sector workforce in organisations with 20 or more employees worked in organisations which had some form of pension provision. However, this is not to say that all of these employees were able to join these pension schemes or arrangements. The survey did not collect information on the proportion of all employees in each organisation who would be eligible to join a pension scheme or arrangement. However, Table 3.4 in the following chapter shows that in most cases (83%) where a single defined benefit or defined contribution scheme formed the sole means of provision, this scheme was open to all groups of employees. This may mean that organisations with more than one scheme were often using different schemes to cover different sections of the workforce with the intention of covering all or most employees in some way.

The first column of Table 2.11 shows that the largest concentration of employees was to be found in organisations which operated defined benefit schemes as their sole means of provision. These organisations employed one-third (33%) of the total private sector workforce. Almost half (44%) of all active pension scheme members were to be found in these organisations, with the proportion of their employees who were members of a pension scheme standing at just under three-fifths (58%).

No other type of organisation with a single form of provision employed more than 10% of the workforce. Those with only defined contribution schemes employed 7% of employees and 8% of active members, much less than their counterparts with only defined benefit schemes, but achieving a similar degree of coverage within their organisations (52% of all employees). Those organisations which only had group personal pension arrangements employed the same proportion of employees (6%) to those which only made contributions to personal pensions. However, they employed a slightly higher proportion of active members (5%, compared with 2%) and coverage was twice as great (34%, compared with 15% among those making contributions to personal pensions).

Overall, those organisations with multiple arrangements employed a much smaller proportion of employees and active members than those with single types of schemes, reflecting the smaller proportion of organisations with multiple rather than single provision. However, the overall extent of coverage was comparable between the two broad groups, with 48% of employees being active members among organisations with a single type of provision and 51% being active members among those with multiple types of pension scheme or arrangement.

The form of multiple provision which accounted for the largest proportion of employees (12%) was the combination of an occupational scheme (either defined benefit or defined contribution) and a top hat scheme.
Organisations with this combination of schemes employed a similar proportion of all active members (16%) and they had the highest coverage figure of all (60%). However, as with single types of provision, those organisations with only personal pension schemes or arrangements had among the lowest coverage figures. The proportion of employees covered in organisations with a combination of group personal pensions and contributions to personal pensions stood at approximately one third. The coverage figures among organisations with personal pension schemes or arrangements were generally higher when such schemes were combined with defined benefit or defined contribution schemes.

Table 2.11 Coverage of pension provision among the workforce within larger organisations

<table>
<thead>
<tr>
<th>Type of provision</th>
<th>Percentage of all employees in organisations with each type of provision as % of all active members</th>
<th>Active members</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Private sector employees in organisations with each type of provision</td>
<td>Col %</td>
</tr>
<tr>
<td>Single type provision</td>
<td>48</td>
<td>Defined benefit scheme(s) only</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Defined contribution scheme(s) only</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Top Hat scheme(s) only</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Contributions to personal pensions only</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Group personal pensions only</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Closed scheme(s) only</td>
</tr>
<tr>
<td>Multiple types of provision</td>
<td>50</td>
<td>Defined benefit and defined contribution scheme only</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Occupational scheme and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Top Hat scheme</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Group personal pension</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Contributions to personal pensions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Group personal pension and contributions to personal pensions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Group personal pension/contribution to personal pensions and top hat scheme</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Group personal pension and contributions to personal pensions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Group personal pension and/or contributions to personal pensions and top hat scheme</td>
</tr>
<tr>
<td>No pension provision</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

Weighted base | 71 | 49 | N/A |
Unweighted base | 1179 | 1027 | N/A |

Base: All organisations with 20 or more employees where number of active members specified.
Table 2.12 breaks down the figures relating to coverage from column three of Table 2.11 according to the size of the organisation. Each cell of the table gives the overall coverage of pension provision (total number of active members as a percentage of the total number of employees) for the organisations defined by the cell. Unfortunately, the low number of organisations within our sample which had different types of multiple provision means that only the summary figures could be included. It should be noted that the figures contained in the fourth and fifth columns of Table 2.12 are similar because of the extent to which the many employees of large organisations dominate the overall totals in each row.

Table 2.12 Estimates of workforce coverage in pension schemes and arrangements, by size of organisation in Great Britain

<table>
<thead>
<tr>
<th>Type of provision</th>
<th>1-19</th>
<th>20-99</th>
<th>100-99</th>
<th>500+</th>
<th>All with 20+ employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit scheme(s) only</td>
<td>(55)</td>
<td>(55)</td>
<td>64</td>
<td>57</td>
<td>58</td>
</tr>
<tr>
<td>Defined contribution(s) only</td>
<td>(59)</td>
<td>(55)</td>
<td>(50)</td>
<td>(50)</td>
<td>52</td>
</tr>
<tr>
<td>Top Hat scheme(s) only</td>
<td>(37)</td>
<td>(15)</td>
<td>(7)</td>
<td>(2)</td>
<td>(11)</td>
</tr>
<tr>
<td>Contributions to personal pensions only</td>
<td>38</td>
<td>20</td>
<td>(5)</td>
<td>(6)</td>
<td>15</td>
</tr>
<tr>
<td>Group personal pensions only</td>
<td>(50)</td>
<td>(11)</td>
<td>(24)</td>
<td>(14)</td>
<td>34</td>
</tr>
<tr>
<td>Closed scheme(s) only</td>
<td>(27)</td>
<td>(25)</td>
<td>(26)</td>
<td>(40)</td>
<td>(29)</td>
</tr>
<tr>
<td>All types</td>
<td>42</td>
<td>37</td>
<td>48</td>
<td>53</td>
<td>48</td>
</tr>
<tr>
<td>Multiple types of provision</td>
<td>(82)</td>
<td>50</td>
<td>49</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>All providers</td>
<td>46</td>
<td>40</td>
<td>48</td>
<td>51</td>
<td>49</td>
</tr>
<tr>
<td>Weighted base</td>
<td>331</td>
<td>40</td>
<td>7</td>
<td>2</td>
<td>49</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>256</td>
<td>225</td>
<td>222</td>
<td>580</td>
<td>1027</td>
</tr>
</tbody>
</table>

Base: All providers where numbers of employees and active members specified.

Overall coverage was generally greater among the employees of larger providing organisations. Among those employed by medium-sized organisations (i.e. those with between 20 and 99 employees) two-fifths (40%) were active members of pension schemes. The proportion was 48% among employees in large firms, but it reached 51% among employees in organisations that were very large (500+ employees).

This broad trend is apparent among employees working for organisations with single types of provision, but it is less clear among those working for the smaller proportion of organisations with multiple types of pension schemes or arrangements. The trend among the former category is due, at least in part, to the fact that smaller organisations are more likely to have group personal pensions or make contributions to personal pensions (arrangements associated with low coverage overall) and large organisations are more likely to have occupational pension schemes (which are associated with much higher rates of coverage).
Among the different types of single provision, it is notable that coverage among employees working in organisations with group personal pensions or contributions to personal pensions falls as organisations get larger. Therefore, employees in the larger of these organisations are particularly unlikely to be a member of an employer-provided pension scheme. In contrast, where only defined benefit or defined contribution occupational pension schemes were provided, coverage varied little by size of organisation.

The overall incidence of various types of pension provision among private sector organisations with fewer than 20 employees is shown in column 1 of Table 2.13. The sum of the percentages for individual types of scheme is greater than the overall percentage of organisations that made some type of pension provision since some organisations operated more than one scheme or arrangement.

As in larger organisations, arrangements whereby employers contribute to their employees’ personal pension schemes were clearly the most common form of provision among small organisations. One fifth (20%) of such organisations had this type of arrangement (Table 2.13). However, other types of provision were much less common. Group personal pensions and top hat schemes were each provided by 6% of small organisations, defined benefit schemes by 3% and defined contribution schemes by 2%. Closed occupational schemes to which the employer was still making contributions were provided by just 1% of organisations with fewer than 20 employees.

The second column of Table 2.13 shows the distribution of employees among organisations with the particular types of scheme. Less than half (42%) of all private sector employees in small organisations worked for an enterprise that provided pensions for its workforce. This compares with a figure of 90% among larger organisations.

Around one fifth (22%) of all employees worked in organisations that made contributions to employees’ personal pensions, whilst one tenth (11%) worked in organisations with group personal pension arrangements. Around one in twenty (6%) worked in organisations with a top hat scheme and a similar proportion (5%) worked in enterprises with a defined benefit scheme. Only 3% of all employees worked for organisations with a defined contribution scheme, whilst the proportion working in organisations with a closed scheme was just 2%.
Table 2.13 Summary of pension provision and coverage of different types of pension arrangement among small organisations

<table>
<thead>
<tr>
<th>Type of provision</th>
<th>Percentage of organisations with each type of arrangement</th>
<th>Percentage of employees in organisations with each type of arrangement</th>
<th>Percentage of active members in each type of arrangement</th>
<th>Active members as a percentage of the total private sector workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit</td>
<td>3</td>
<td>5</td>
<td>14</td>
<td>3</td>
</tr>
<tr>
<td>Defined contribution</td>
<td>2</td>
<td>3</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Top Hat</td>
<td>6</td>
<td>6</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Closed occupational pension scheme</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Contributions to personal pensions</td>
<td>20</td>
<td>22</td>
<td>38</td>
<td>8</td>
</tr>
<tr>
<td>Group personal pensions</td>
<td>6</td>
<td>11</td>
<td>26</td>
<td>5</td>
</tr>
<tr>
<td>Any provision</td>
<td>36</td>
<td>42</td>
<td>100</td>
<td>21</td>
</tr>
<tr>
<td>No provision</td>
<td>64</td>
<td>58</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Base Columns 1 and 2 are based on all organisations with less than 20 employees (unweighted base 568)

Column 3 is based on providers with less than 20 employees where number of active members specified

Column 4 is based on organisations with less than 20 employees where number of employees and if a provider number of active members were specified

Note: The figures in column 4 may include double counting if employees were members of more than one pension scheme within the same organisation.

The proportion of employed active members in each type of arrangement is shown in column 3 of Table 2.13. Two-fifths (38%) of all active members in small organisations were part of arrangements where they make contributions to their personal pension scheme, contrasting with the dominance of defined benefit schemes among larger organisations. A further quarter (26%) were part of group personal pension arrangements. One in seven (14%) were members of defined benefit schemes, around one in eight (12%) were members of top hat schemes and less than one tenth (7%) were members of defined contribution schemes.

The final column of Table 2.13 expresses the number of active members in each type of scheme or arrangement as a proportion of the total private sector workforce in small organisations. Overall, one fifth (21%) of all private sector employees in small organisations were members of a pension scheme or arrangement that was either provided, or contributed to, by their employer. Around two-thirds of these were members of personal pension schemes or arrangements, the remaining third being members of occupational schemes.

2.5.2 Main type of pension provision

The main type of pension provision within an organisation can be defined as that which accounts for the largest number of active members within the organisation. Under this characterisation, the most common main type of provision among small organisations was clearly the arrangement whereby the employer contributes to employees' personal pensions (operated by 55% of small providing organisations) (Table 2.14). Enterprises with this type of main provision employed just under half...
(47%) of the private sector workforce within small organisations providing pensions, and around two-fifths (41%) of all active members

Table 2.14 Main types of pension provision among small organisations, by organisation and employees

<table>
<thead>
<tr>
<th>Type of provision</th>
<th>Main provision of organisation</th>
<th>Employees of organisations with main form of provision</th>
<th>Active members in main form of provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit</td>
<td>9</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>Defined contribution</td>
<td>5</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Top Hat</td>
<td>13</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Contributions to personal pensions</td>
<td>55</td>
<td>47</td>
<td>41</td>
</tr>
<tr>
<td>Group personal pensions</td>
<td>15</td>
<td>22</td>
<td>26</td>
</tr>
<tr>
<td>Weighted base</td>
<td>323</td>
<td>323</td>
<td>323</td>
</tr>
<tr>
<td>Unweighted</td>
<td>253</td>
<td>253</td>
<td>253</td>
</tr>
</tbody>
</table>

Base: Columns 1 and 2 are based on all providers with less than 30 employees.
Column 3 is based on all providers with less than 30 employees where number of active members specified.

In contrast to the picture within larger organisations, other types of main provision were much less common. The next most common form of main provision was to provide a group personal pension arrangement (15%). Such enterprises employed 22% of the workforce within small providing organisations and 26% of all active members. Top hat schemes were the main type of provision for 13% of small organisations, defined benefit schemes for 9% and defined contribution schemes for just 5%.

2.5.3 Multiple provision

The vast majority of small employers (91%) operated just one form of pension scheme or arrangement within their organisation (Table 2.15). Among these organisations, by far the most common form of arrangement was to contribute to employees' personal pensions (53% of providing organisations). This was followed by group personal pensions (14%) and top hat schemes (12%). Only 6% of providers had only defined benefit schemes and 4% had only defined contribution schemes.

Nine-tenths (89%) of employees in small providing organisations were employed where there was a single type of pension provision, the majority (45%) being employed where there was an arrangement (or arrangements) to contribute to employees' personal pensions. A further fifth (20%) were employed where there were only group personal pensions and 10% worked in organisations with only a top hat scheme (or schemes). The share of employment among providing organisations did not reach double figures among other types of single provision.
Multiple types of provision were present in only one tenth (9%) of all small providing organisations. Multiple provision took a variety of different forms, each accounting for no more than 2% of providers. Organisations with these various multiple types of provision employed 11% of the total workforce among small providing organisations.

**Table 2.15 Incidence of single and multiple pension arrangements among small providing organisations**

<table>
<thead>
<tr>
<th>Type of provision</th>
<th>Percentage of providing organisations with specified provision</th>
<th>Percentage of employees in providing organisations with specified provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single type of provision</td>
<td>91</td>
<td>89</td>
</tr>
<tr>
<td>Defined benefit scheme(s) only</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Defined contribution scheme(s) only</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Top Hat scheme(s) only</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Contributions to personal pensions only</td>
<td>53</td>
<td>45</td>
</tr>
<tr>
<td>Group personal pensions only</td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td>Closed scheme(s) only</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Multiple types of provision</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Defined benefit and defined contribution scheme only</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Occupational scheme and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Top hat scheme</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>- Group personal pension</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>- Contributions to personal pensions</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>- Group personal pension and contributions to personal pensions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Group personal pension/contribution to personal pensions and top hat scheme</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Group personal pension and contributions to personal pensions</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>- Group personal pension and/or contributions to personal pensions and top hat scheme</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

**Weighted base** 331 331  
**Unweighted base** 256 256

*Base: All providers with less than 20 employees*
The discussion now turns to look at the coverage of the workforce achieved by different types of employer-based pension provision within small organisations. The first column of Table 2.16 shows the proportion of employees working in small organisations with provision of each type, whilst the second column shows the proportion of active members employed in these organisations. The third column then shows where numbers permit, an estimate of the proportion of employees in these organisations that were active members of particular types of pension scheme or arrangement. Whilst the survey did not collect information on the proportion of all employees who would be eligible to join a pension scheme or arrangement, it can be seen from Chapter 3 that almost all of the occupational schemes provided by small organisations were open to all sections of the workforce.

The first column of Table 2.16 shows that organisations whose provision consisted solely of contributions to employees' personal pensions employed one fifth (19%) of all employees within small organisations. These organisations employed around one third (36%) of all active members, with 38% of their employees (in aggregate) being members of their pension schemes. Organisations with only group personal pensions employed just under one tenth (8%) of all employees within small organisations, and one fifth (21%) of all active members. In aggregate, around half of their employees were members of their pension schemes. No other type accounted for more than a 5 per cent share of employees or more than a ten per cent share of active members.
Table 2.16 Coverage of pension provision among the workforce within small organisations

<table>
<thead>
<tr>
<th>Type of provision</th>
<th>Percentage of all private sector employees in organisations with each type of provision</th>
<th>Percentage of all active members in organisations with each type of provision</th>
<th>Active members as % of all employees in organisations with each type of provision</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Col %</td>
<td>Col %</td>
<td>Cell %</td>
</tr>
<tr>
<td><strong>Single type of provision</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined benefit scheme(s) only</td>
<td>3</td>
<td>8</td>
<td>42</td>
</tr>
<tr>
<td>Defined contribution scheme(s) only</td>
<td>2</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Top Hat scheme(s) only</td>
<td>4</td>
<td>8</td>
<td>(37)</td>
</tr>
<tr>
<td>Contributions to personal pensions only</td>
<td>19</td>
<td>36</td>
<td>38</td>
</tr>
<tr>
<td>Group personal pensions only</td>
<td>18</td>
<td>21</td>
<td>(50)</td>
</tr>
<tr>
<td>Closed scheme(s) only</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td><strong>Multiple types of provision</strong></td>
<td></td>
<td></td>
<td>(82)</td>
</tr>
<tr>
<td>Defined benefit and defined contribution scheme only</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Occupational scheme and Top Hat scheme</td>
<td>1</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Group personal pension</td>
<td>1</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Contributions to personal pensions</td>
<td>1</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Group personal pension and contributions to personal pensions</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Group personal pension/contribution to personal pensions and top hat scheme</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Group personal pension and contributions to personal pensions</td>
<td>1</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Group personal pension and/or contributions to personal pensions, and top hat scheme</td>
<td>1</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td><strong>No pension provision</strong></td>
<td>58</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Weighted base</strong></td>
<td>926</td>
<td>331</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Unweighted base</strong></td>
<td>668</td>
<td>256</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Base: All organisations with less than 20 employees where number of active members specified. Note: figures contained within brackets are based on between 20 and 99 unweighted cases and are likely to be less precise than figures based on larger numbers of cases. Figures have been omitted from cells with less than 20 unweighted cases.

27 Reasons for non-provision

In 1996, three-tenths (30%) of all private sector organisations with 20 or more employees did not provide a pension scheme or arrangement for any of their employees. The main reasons for non-provision are presented in Table 2.17.
Table 2.17 Employers’ main reason for non-provision of pensions, by size of organisation in Great Britain

<table>
<thead>
<tr>
<th>Size of organisation in Great Britain (Number of employees)</th>
<th>All with less than 20 employees</th>
<th>All with 20 or more employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>6-19</td>
<td>18</td>
<td>3</td>
</tr>
<tr>
<td>20 employees</td>
<td>15</td>
<td>4</td>
</tr>
<tr>
<td>20-49</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>50+ employees</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Too costly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsibility of employees</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Organisation too new</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Organisation too small</td>
<td>41</td>
<td>28</td>
</tr>
<tr>
<td>Not company policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees not interested/</td>
<td></td>
<td></td>
</tr>
<tr>
<td>never asked</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Employees don’t stay long enough</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Other specific reasons</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Other unclassified reasons</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Weighted base</td>
<td></td>
<td></td>
</tr>
<tr>
<td>402</td>
<td>24</td>
<td>22</td>
</tr>
<tr>
<td>160</td>
<td>24</td>
<td>27</td>
</tr>
<tr>
<td>562</td>
<td>24</td>
<td>23</td>
</tr>
<tr>
<td>Unweighted base</td>
<td></td>
<td></td>
</tr>
<tr>
<td>251</td>
<td>24</td>
<td>53</td>
</tr>
<tr>
<td>134</td>
<td>385</td>
<td>56</td>
</tr>
<tr>
<td>385</td>
<td></td>
<td>109</td>
</tr>
</tbody>
</table>

Base: Non providers who gave a reason for non-provision

Among organisations with 20 or more employees, a variety of reasons were given for not providing pension schemes or arrangements (indeed many of the reasons given were too diverse to classify) Among the reasons that were sufficiently prevalent to permit classification the most common was that the organisation was too small, with one in six (17%) giving this as their main reason for non-provision. However, there were primarily organisations with between 20 and 49 employees, where 21% gave this as their main reason A further 12% of organisations in the 20-49 size band cited cost as their main reason for non-provision. Having a small workforce was rarely mentioned by larger employers with 50 or more employees (4%), while cost was mentioned by just under one tenth (9%). These larger employers, for whom size was usually not the main reason for non-provision, were more likely to mention other things, such as their workforce not staying around long enough to necessitate provision (15%), their workforce being uninterested (13%) or the organisation being too new (11%)

Small organisations most commonly regarded it as self-evident that their small size was a sufficient explanation for not having a pension scheme, 37% gave this response The high cost of provision was the second most common reason given (15%) Very few (2%) of small organisations said that employees did not stay long enough for it to be worth having a scheme, but otherwise the pattern of answers was similar to that for larger organisations.
This chapter examines the nature of different types of pension provision, looking at key factors such as age, membership profile and contribution rates for employers and employees. For occupational pension schemes, it also examines the nature of their trustee arrangements and their financial situation. Information is first presented about occupational pension schemes before moving on to discuss group and personal pension arrangements in the second half of the chapter.

The discussion of occupational schemes first focuses on pension provision within larger organisations having 20 employees or more. The information on occupational provision within small organisations (with fewer than 20 employees) follows in a separate section, but the precision of the estimates presented should be treated with some caution because of the low numbers of schemes identified among small organisations within the survey. Group and personal pension arrangements are much more prevalent than occupational schemes among small organisations. As a consequence, the discussion of the provision of group and personal pensions and arrangements within small organisations is presented alongside that concerning larger organisations.

Occupational pension schemes generally operate either on a defined benefit or ‘salary related’ basis, where retirement benefits are related to the member’s salary and length of service, or on a defined contribution or ‘money purchase’ basis, where benefits are based upon the value of contributions paid into the scheme and the investment return on those contributions. In some schemes, benefits are calculated using both methods, these are often called ‘hybrid’ schemes.

In 1996, half (51%) of all occupational pension schemes in larger organisations were defined benefit schemes. A further 46% were defined contribution schemes, whilst 3% were hybrid schemes. In this chapter and throughout the report, hybrid schemes are analysed according to the basis on which benefits had generally been calculated over the last five years. In most of the hybrid schemes this was on a defined benefit, rather than a defined contribution basis.

Occupational pension schemes also differ according to whether they continue to admit new members. The majority (76%) of occupational pension schemes within larger organisations in 1996 were open to new members. The remaining 24% were closed to new members.

In just under half (41%) of all closed schemes, the employer continued to make contributions to the scheme. In a further 1%, contributions had
been temporarily suspended (perhaps because of a contributions holiday) but it was the stated intention of the employer to resume contributions at an appropriate point in the future. Pension rights are still being accrued by the members of these two types of closed scheme, and so these schemes are treated as pension provision at an organisational level in Chapters 2 and 4. However, pension rights do not continue to accrue to the members of 'frozen' schemes, those schemes where the employer has permanently ceased contributions. These schemes made up the remaining 59% of closed schemes, and are not treated as pension provision in Chapters 2 and 4.

A final classification can be applied to occupational pension schemes which divides them according to their intended membership, as some schemes are reserved solely for senior managers or directors. Such schemes are generally referred to as top hat schemes. For the purposes of the report, this category is restricted to open schemes. Around one in six occupational pension schemes in larger organisations (16%) were top hat schemes. The majority of these (66%) were defined contribution (money-purchase) schemes.

Table 31 classifies occupational pension schemes according to these various categories. The most common occupational pension schemes within larger organisations were open defined benefit schemes, which accounted for around one third (35%) of the total. Open defined contribution schemes accounted for around one quarter (25%) of the schemes, while top hat schemes accounted for around one sixth (16%). The second column of the table shows that the vast majority (79%) of employees who were active members of an occupational scheme in larger organisations were members of a defined benefit scheme. Much smaller proportions were members of defined contribution schemes (13%) or top hat schemes (2%). Despite accounting for around one quarter (24%) of all occupational pension schemes, closed schemes (including frozen schemes) accounted for only 6% of active members.
Table 3.1 Type of occupational pension scheme within larger organisations

<table>
<thead>
<tr>
<th></th>
<th>Schemes</th>
<th>Active members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Open schemes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined benefit</td>
<td>35</td>
<td>79</td>
</tr>
<tr>
<td>Defined contribution</td>
<td>25</td>
<td>13</td>
</tr>
<tr>
<td>Top Hat</td>
<td>16</td>
<td>2</td>
</tr>
<tr>
<td><strong>Closed schemes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined benefit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>contributions paid¹</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>- no further contributions</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Defined contribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- contributions paid¹</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>- no further contributions</td>
<td>5</td>
<td>*</td>
</tr>
<tr>
<td>Type not known</td>
<td>1</td>
<td>*</td>
</tr>
<tr>
<td><strong>Weighted base</strong></td>
<td>74</td>
<td>74</td>
</tr>
<tr>
<td><strong>Unweighted base</strong></td>
<td>1557</td>
<td>1557</td>
</tr>
</tbody>
</table>

Base: All occupational pension schemes in organisations with 20 or more employees

¹ This category includes cases in which contributions had been temporarily suspended

The remainder of the discussion in this chapter focuses on open schemes. Readers should assume that, unless otherwise stated, the analysis and discussion refer to schemes which are open to new members.

Underpins

An 'underpin' is where pensions are calculated on either a salary-related or on a money purchase basis, usually depending upon which method provides the higher pension. Defined benefit schemes may therefore have a money-purchase underpin and similarly, defined contribution schemes may have a salary-related underpin. Respondents were asked if their schemes had such an arrangement. This was not known for one in ten schemes (10%) in larger organisations. Among the remainder, 9% of defined benefit schemes were said to have such an underpin whilst among defined contribution schemes the figure was 15%.

Many of these underpins had been introduced quite recently within larger organisations. Just under half (47%) of all underpins had been introduced within the last five years. However, these cases did not all amount to a change in the operation of the pension scheme, since some underpins were no older than the schemes on which they were based. Among those schemes which had been established before 1991 and which had underpins at the time of the survey in 1996, one third (33%) had introduced the underpin within the last five years.
3.1.1 Age of schemes

The survey collected information on the year in which each type of pension scheme or arrangement was started, enabling an analysis of the age of different types of scheme. This information is presented here for occupational pension schemes, whilst that relating to group or personal pension arrangements is presented in Section 3.3.1.

Table 3.2 shows the years in which the three types of occupational scheme were reported as having been established. The grouping of years has been done, in part, to represent dates of significant legislative change: 1978 for defined benefit schemes being allowed to contract out of SERPS, and 1988 for the implementation of the 1986 Social Security Act, which allowed defined contribution schemes to do the same.

Defined benefit schemes were the longest established, on average, with two-fifths (39%) of schemes having been set up before 1978. For the other two types of scheme, no more than 10% had been established prior to 1978. The majority of defined contribution schemes (60%) had been established between 1988 and 1994, whilst 44% of top hat schemes had been introduced in this period. For all three types of occupational pension scheme, the majority of schemes had been established since 1978. Much of this arises from the fact that many organisations have not long been established and so there is a natural restriction on the possible age of their schemes.

Table 3.2 Date of establishment of pension scheme or arrangement, by type of pension arrangement, within larger organisations

<table>
<thead>
<tr>
<th>Type of scheme</th>
<th>Pre-1940</th>
<th>1940-</th>
<th>1961-</th>
<th>1978-</th>
<th>1988-</th>
<th>1995-</th>
<th>Weighted base</th>
<th>Unweighted base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit</td>
<td>8</td>
<td>11</td>
<td>20</td>
<td>40</td>
<td>21</td>
<td>1</td>
<td>24</td>
<td>749</td>
</tr>
<tr>
<td>Defined contribution</td>
<td>*</td>
<td>4</td>
<td>5</td>
<td>27</td>
<td>60</td>
<td>4</td>
<td>18</td>
<td>235</td>
</tr>
<tr>
<td>Top Hat</td>
<td>*</td>
<td>3</td>
<td>3</td>
<td>41</td>
<td>44</td>
<td>8</td>
<td>11</td>
<td>189</td>
</tr>
</tbody>
</table>

Base: Occupational pension schemes as specified in raw text within organisations having 20 or more employees.

Overall, 4% of defined contribution schemes and 1% of defined benefit schemes had been introduced since the date of the previous survey in 1994. The rate of establishment of defined contribution schemes has therefore slowed noticeably. Further evidence on the establishment of new schemes is given in sections 4.1.2 and 4.1.3.

3.1.2 Eligibility and membership profile

This next section first examines the issue of eligibility for membership, the extent to which membership of different types of occupational pension scheme was available to all types of employee or restricted to specific groups of the workforce. Following this discussion, it goes on to describe the profile of membership among the different types of scheme.
Eligibility

Table 3.3 shows the variety of different eligibility criteria which were applied to defined benefit and defined contribution schemes. Defined benefit schemes were more likely to be available to all sections of the workforce. Four-fifths (79%) of defined benefit schemes were available to all, compared with less than two-thirds (63%) of defined contribution schemes.

The most commonly specified approach was to restrict membership of the scheme to white collar/staff employees. However, this criterion was used in only 7% of all schemes. No other specified form of eligibility criteria applied to more than 5% of schemes, indicating that a variety of different approaches were taken.

One fifth (21%) of occupational pension schemes were top hat schemes, meaning that they were schemes which operated solely for senior managers or directors.

**Table 3.3 Sections of the workforce eligible to join, by type of pension provision, within larger organisations**

<table>
<thead>
<tr>
<th>Section eligible to join</th>
<th>Defined benefit schemes</th>
<th>Defined contribution schemes</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>All employees</td>
<td>79</td>
<td>63</td>
<td>72</td>
</tr>
<tr>
<td>All except for senior management</td>
<td>1</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>White collar/staff employees only</td>
<td>4</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Blue collar/works employees only</td>
<td>*</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>All in particular subsidiaries</td>
<td>6</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Only those invited to join</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Other groups of employees</td>
<td>8</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>Weighted base</td>
<td>25</td>
<td>19</td>
<td>44</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>786</td>
<td>218</td>
<td>1034</td>
</tr>
</tbody>
</table>

Base: All open defined benefit and defined contribution schemes within organisations having 20 or more employees.

Table 3.4 shows that those defined benefit or defined contribution schemes which formed the sole means of pension provision in larger organisations were more likely to be available to all sections of the workforce than those which were provided alongside other arrangements. Over four fifths of defined benefit schemes (85%) and a smaller proportion of defined contribution schemes (81%) that represented the sole form of provision within larger organisations were schemes that were available to all sections of the workforce. This was true of only half of either type of scheme.
when provided by larger organisations that had four or more pension schemes. From this, we can infer that most organisations which provided pensions were likely to be providing them for most, if not all, sections of their workforce, either through a single scheme available to all employees, or through multiple schemes which were each available to different parts of the workforce.

Table 3.4 Proportion of schemes available to all sections of the workforce, by the number of pension schemes operated by the organisation, within larger organisations

<table>
<thead>
<tr>
<th>Number of pension schemes operated</th>
<th>Defined benefit schemes</th>
<th>Defined contribution schemes</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>85</td>
<td>81</td>
<td>83</td>
</tr>
<tr>
<td>Two</td>
<td>66</td>
<td>45</td>
<td>54</td>
</tr>
<tr>
<td>Three</td>
<td>66</td>
<td>(51)</td>
<td>60</td>
</tr>
<tr>
<td>Four or more</td>
<td>55</td>
<td>(49)</td>
<td>52</td>
</tr>
<tr>
<td>Weighted base</td>
<td>24</td>
<td>18</td>
<td>42</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>786</td>
<td>248</td>
<td>1034</td>
</tr>
</tbody>
</table>

Base: All open defined benefit and defined contribution schemes within organisations having 20 or more employees.

There is also some evidence that, in the case of defined benefit schemes, very large organisations were slightly less likely to have schemes which were available to all sections of the workforce than large or medium-sized organisations. Table 3.5 shows that four-fifths (80%) of schemes in organisations with between 100 and 500 employees were available to all whilst this was true for seven out of ten schemes (71%) in very large organisations with 500 or more employees. It should be remembered, however, that larger organisations are more likely than smaller ones to operate more than one pension scheme or arrangement. The difference was not present among defined contribution schemes.

Table 3.5 Proportion of schemes open to all sections of the workforce, by size of organisation in Great Britain, within larger organisations

<table>
<thead>
<tr>
<th>Size of organisation</th>
<th>Defined benefit schemes</th>
<th>Defined contribution schemes</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-99 employees</td>
<td>80</td>
<td>63</td>
<td>72</td>
</tr>
<tr>
<td>100-499 employees</td>
<td>80</td>
<td>62</td>
<td>73</td>
</tr>
<tr>
<td>500+ employees</td>
<td>71</td>
<td>64</td>
<td>70</td>
</tr>
<tr>
<td>Weighted base</td>
<td>26</td>
<td>19</td>
<td>45</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>786</td>
<td>248</td>
<td>1034</td>
</tr>
</tbody>
</table>

Base: All open defined benefit and defined contribution schemes within organisations having 20 or more employees.
It should be noted at this point that individual eligibility criteria, such as length of service may overlay the 'group-based' criteria which are covered here. Individual eligibility criteria were not investigated in the 1996 survey. However, in the 1994 survey, the most common individual criteria used were 'permanent employee status', which applied in almost all occupational pension schemes and 'length of service', which applied in around half (Casey et al, 1996, pp 57-60).

Membership profile

Eligibility may be an important influence on the membership profile of different types of pension scheme if the restrictions which are applied fall unequally upon the male and female, or full-time and part-time, employees in an organisation.¹⁵ The extent of this influence cannot be gauged from the survey data without knowing more about the particular situation in each individual organisation. However, it is important to note that the majority of pension schemes did not operate any such restrictions on access at least not ones of a group-based nature. A more important influence on the profile of scheme membership is therefore the composition of the workforce in organisations with different types of pension scheme.

Table 3.6 shows that the active members of open defined benefit schemes were one third (32%) female, whereas the proportion of female employees in larger organisations with such schemes was only slightly higher (39%). The gender profiles of deferred pensioners and current pensioners in open defined benefit schemes was broadly in line with the profile of active members, being 33% female and 35% female respectively. Women comprised the same proportion of the workforce in larger organisations providing defined benefit schemes as they did within the overall workforce of providing organisations (39%).

¹⁵ For example, if the white-collar occupations in a particular organisation were dominated by men a rule which restricted membership of a pension scheme to white-collar employees would explain why few women were members of that scheme.
Table 3.6 Membership profile, by type of scheme or organisation, within larger organisations

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
<th>Percentage</th>
<th>Weighted base</th>
<th>Unweighted base</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
<td>working</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>part-time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined benefit schemes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active members</td>
<td>32</td>
<td>7</td>
<td>20</td>
<td>472</td>
</tr>
<tr>
<td>Deferred pensioners</td>
<td>33</td>
<td>n/a</td>
<td>11</td>
<td>303</td>
</tr>
<tr>
<td>Current pensioners</td>
<td>35</td>
<td>n/a</td>
<td>13</td>
<td>359</td>
</tr>
<tr>
<td>All employees in orgs.</td>
<td>39</td>
<td>19</td>
<td>13</td>
<td>568</td>
</tr>
<tr>
<td>with defined benefit schemes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined contribution schemes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active members</td>
<td>33</td>
<td>7</td>
<td>17</td>
<td>154</td>
</tr>
<tr>
<td>Deferred pensioners</td>
<td>41</td>
<td>n/a</td>
<td>8</td>
<td>79</td>
</tr>
<tr>
<td>Current pensioners</td>
<td>17</td>
<td>n/a</td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td>All employees in orgs.</td>
<td>43</td>
<td>19</td>
<td>9</td>
<td>200</td>
</tr>
<tr>
<td>with defined contribution schemes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top Hat schemes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active members</td>
<td>22</td>
<td>4</td>
<td>11</td>
<td>188</td>
</tr>
<tr>
<td>Deferred pensioners</td>
<td>16</td>
<td>n/a</td>
<td>1</td>
<td>77</td>
</tr>
<tr>
<td>Current pensioners</td>
<td>24</td>
<td>n/a</td>
<td>3</td>
<td>83</td>
</tr>
<tr>
<td>All employees in orgs.</td>
<td>32</td>
<td>17</td>
<td>6</td>
<td>170</td>
</tr>
<tr>
<td>with Top Hat schemes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All employees in orgs.</td>
<td>39</td>
<td>18</td>
<td>49</td>
<td>955</td>
</tr>
<tr>
<td>with pension provision</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Base: Open occupational pension schemes or organisations as specified in row texts within organisations having 20 or more employees.

1. Part-time is defined as working less than 30 hours per week.
2. The base given in the table refers to the number of organisations in each row which were able to specify the number of male and female members pensioners or employees as appropriate. The number that were able to specify the part-time/full time mix (where applicable) was generally higher.

Active members in defined contribution schemes had a similar gender profile to those in defined benefit schemes, being one third (33%) female. However, the workforce in larger organisations with this type of scheme was 43% female - a slightly higher figure than seen among organisations with a defined benefit scheme (39%). The gender profile of deferred pensioners and current pensioners within open defined contribution schemes were very different but some caution should be attached to the precision of these figures since both were calculated on unweighted bases of less than 100 organisations.

Employees in part-time work (those working less than 30 hours per week) were less likely to be in occupational pension schemes than their full-
time counterparts. Whilst one fifth (19%) of the employees in larger organisations with either defined benefit or defined contribution schemes worked part-time hours (less than 30 hours per week), less than one tenth (7%) of the active members in these schemes were in part-time work. Overall, 18% of employees in larger providing organisations worked part-time hours.

3.1.3 Contributions

This section considers the ways in which different types of occupational pension scheme are financed. In particular, it examines the extent to which members contribute to their occupational pension scheme, the nature and size of the contributions made by members and employers, and the relationship of the different schemes to SERPS, the State Earnings Related Pension Scheme.

Much of the analysis presented in this chapter so far focuses solely on schemes that continue to accept new members ('open' schemes). These account for 76% of all occupational pension schemes in larger organisations (Table 3.1). However, closed schemes into which employers were still making contributions are also included in parts of this particular section. Such schemes accounted for 10% of all occupational pension schemes in larger organisations. It will be clearly stated whenever these schemes have been included in the analysis. 'Frozen' schemes or those for which contributions had been temporarily suspended (13% of all occupational pension schemes) are not included in any part of the discussion of contributions.

Method of financing occupational pension schemes

The survey sought to investigate the extent to which members as well as employers were contributing to the pension scheme. Almost nine-tenths (86%) of open defined benefit schemes required member contributions (Table 3.7). This compared with four fifths (81%) of open defined contribution schemes. The majority of top hat schemes did not require members to contribute to the scheme with only one third (43%) of these schemes being financed by contributions from both members and employers.

Table 3.7 Method of financing pension scheme, by type of scheme, within larger organisations

<table>
<thead>
<tr>
<th></th>
<th>Open schemes</th>
<th>Closed schemes</th>
<th>Top Hat schemes</th>
<th>All schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Defined benefit</td>
<td>Defined contribution</td>
<td>All</td>
<td>Defined benefit</td>
</tr>
<tr>
<td>Employer and member contributed</td>
<td>86</td>
<td>81</td>
<td>84</td>
<td>70</td>
</tr>
<tr>
<td>Weighted base</td>
<td>25</td>
<td>19</td>
<td>44</td>
<td>3</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>764</td>
<td>240</td>
<td>1004</td>
<td>110</td>
</tr>
</tbody>
</table>

Note: Schemes specified in column headings within organisations having 20 or more employees. All open schemes included irrespective of current contribution status. Closed schemes are only included in cases where the employer was paying contributions into the scheme at the time of the survey.
The incidence of member contributions among defined benefit schemes did not appear to be directly related to the size of the providing organisation (Table 3.8), although the figure for schemes within organisations having between 20 and 99 employees should be treated with some caution because of its low base. Similarly, there was no clear linear relationship among defined contribution schemes, although members were particularly likely to be required to contribute to their defined contribution scheme if the scheme was operated by a very large organisation. This may be related to the fact that members were generally more likely to be required to contribute if their scheme had a large number of members, with such schemes necessarily being found in organisations with larger numbers of employees.

Members were more likely to be required to contribute to schemes which were contracted out of the State Earnings Related Pension Scheme (SERPS) than those which were not contracted out (Table 3.8). This was true among both defined benefit and defined contribution schemes.

Table 3.8 Proportion of schemes where employer and members contribute, by size of organisation and relationship to SERPS, within larger organisations

<table>
<thead>
<tr>
<th></th>
<th>Defined benefit schemes</th>
<th>Defined contribution schemes</th>
<th>Top Hat schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Size of organisation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-99 employees</td>
<td>(87)</td>
<td>83</td>
<td>(42)</td>
</tr>
<tr>
<td>100-499 employees</td>
<td>85</td>
<td>72</td>
<td>(48)</td>
</tr>
<tr>
<td>500+ employees</td>
<td>87</td>
<td>90</td>
<td>52</td>
</tr>
<tr>
<td><strong>Relationship to SERPS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracted out</td>
<td>90</td>
<td>87</td>
<td>33</td>
</tr>
<tr>
<td>Not contracted out</td>
<td>82</td>
<td>74</td>
<td>50</td>
</tr>
<tr>
<td><strong>Weighted base</strong></td>
<td>24</td>
<td>18</td>
<td>11</td>
</tr>
<tr>
<td><strong>Unweighted base</strong></td>
<td>751</td>
<td>225</td>
<td>189</td>
</tr>
</tbody>
</table>

Base: Open occupational pension schemes as indicated in column headings within organisations having 20 or more employees.

In contributory salary-related schemes (either open or closed defined benefit schemes or top hat schemes operating on a salary-related basis), the survey investigated the means by which these contributions were made (Table 3.9). In most cases, the members' contributions were based on a fixed percentage of their pay (or pensionable pay) and this rate was the same for all members of the scheme. This was true of four-fifths (82%) of contributory open defined benefit schemes, three-fifths (61%) of contributory closed defined benefit schemes and three-quarters (76%) of salary-related top hat schemes. In the majority of those schemes where contributions were not based on a fixed percentage, members' contributions were based on a percentage of their pay (or pensionable pay) which varied between different categories of employee, according to their job or salary for example.
Table 3.9 Basis of employees’ contributions to salary-related pension schemes, by type of scheme, within larger organisations

<table>
<thead>
<tr>
<th></th>
<th>Open defined benefit schemes</th>
<th>Closed defined benefit schemes</th>
<th>Top Hat schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed percentage of pay (or pensionable pay) the same for all members</td>
<td>82</td>
<td>61</td>
<td>76</td>
</tr>
<tr>
<td>Percentage of pay (or pensionable pay), varies between categories of employee</td>
<td>17</td>
<td>38</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>1</td>
<td>22</td>
</tr>
<tr>
<td>Weighted base</td>
<td>22</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>648</td>
<td>88</td>
<td>67</td>
</tr>
</tbody>
</table>

Base: Contributory occupational pension schemes as indicated in column headings within organisations having 20 or more employees.

Relationship to SERPS

Overall, half (50%) of all schemes (open schemes and all types of closed scheme) were contracted out of the State Earnings Related Pension Scheme (SERPS) (Table 3.10). Just under half (46%) were not contracted out, with a small remainder (4%) contracting out only part of the scheme.

However, this overall pattern masks considerable variation between types of scheme. In general, defined benefit schemes were more likely to be contracted out of SERPS than those based on a defined contribution. Seven in ten defined benefit schemes (69%) were contracted out, compared with two-fifths (39%) of defined contribution schemes.

Table 3.10 Relationship to SERPS, by type of scheme, within larger organisations

<table>
<thead>
<tr>
<th></th>
<th>Defined benefit schemes</th>
<th>Defined contribution schemes</th>
<th>Top Hat schemes</th>
<th>All schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Open</td>
<td>Closed</td>
<td>All</td>
<td>Open</td>
</tr>
<tr>
<td>Contracted out</td>
<td>69</td>
<td>63</td>
<td>68</td>
<td>39</td>
</tr>
<tr>
<td>Not contracted out</td>
<td>29</td>
<td>31</td>
<td>31</td>
<td>53</td>
</tr>
<tr>
<td>Part contracted out,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>part not</td>
<td>3</td>
<td>*</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Weighted base</td>
<td>24</td>
<td>8</td>
<td>32</td>
<td>18</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>753</td>
<td>136</td>
<td>909</td>
<td>236</td>
</tr>
</tbody>
</table>

Base: Schemes specified in column headings within organisations having 20 or more employees.
Within the different types of occupational pension scheme, certain characteristics of the scheme were found to be associated with the relationship to SERPS. For defined benefit schemes, the probability of a scheme having contracted out of SERPS rose with the number of active members. Among such schemes, the proportion that had contracted out was 65% among those with less than 100 members, 86% among those with between 100 and 999 members, and 92% among those with 1000 members or more. Among defined contribution schemes, the probability was greater among newer pension schemes. The year 1988 saw the implementation of the 1986 Social Security Act, which allowed defined contribution schemes to contract out of SERPS and schemes which had been set up in this year or later were more likely to have contracted out (46%) than those set up before 1988 (24%).

Employers’ contributions

Respondents were asked to specify the size of their organisation’s contributions to the pension scheme, expressed as a percentage of the payroll costs of an average member. Respondents generally reported more generous employer contribution rates for defined benefit schemes than they did for defined contribution schemes (Table 3.11). The median rate of employers’ contributions to defined benefit schemes was 10%, whilst for defined contribution schemes it was only 4.9%.

| Table 3.11 Median rate of employers’ contributions to occupational pension schemes as a percentage of the salary costs of an average member, by relationship to SERPS within type of scheme (larger organisations) |
|---|---|---|---|---|---|---|
| | Defined benefit schemes | Defined contribution schemes | Top Hat schemes | All schemes |
| | Open | Closed | All | Open | Closed | All |
| Contracted out | 41.5 | 7.6 | 11.1 | 40 | (6.4) | 43 | 90 |
| Not contracted out | 99 | (10) | 99 | 49 | (9.1) | 50 | 126 | 79 |
| All schemes | 100 | 7.4 | 100 | 49 | (6.9) | 49 | 124 | 83 |
| Weighted base | 21 | 3 | 24 | 17 | 3 | 20 | 9 | 53 |
| Unweighted base | 713 | 105 | 818 | 206 | 28 | 234 | 165 | 1217 |

Base: Schemes as specified in column headings, where the employer was contributing to the scheme and knew the basis of these contributions within organisations having 70 or more employees.

An examination of the distribution of contribution rates shows that there was greater variation of rates among defined benefit schemes than among those based on a defined contribution. Among defined benefit schemes, the contribution rate at the lowest decile of the distribution was 5.0% whilst that at the highest decile was 20.0%. Among defined contribution schemes, however, the rate at the lowest decile was 1.5% whilst that at the highest was 10.7%.
Employers' contribution rates also varied somewhat according to the scheme's relationship to SERPS. Among defined benefit schemes, those which had contracted out of SERPS had higher median contribution rates (11.5%) than those schemes which had not contracted out (9.9%) (Table 3.11). Yet among defined contribution schemes, the opposite was true. Those defined contribution schemes which had not contracted out had the higher median rate of employer contributions (4.9%), with the rate for contracted out schemes being slightly lower (4.0%).

It should be noted, however, that the contribution rates which were reported were not always straightforward and were said to vary to some degree. In some salary-related schemes (defined benefit schemes and top hat schemes operating on a salary-related basis) the employer had not contributed at their normal rate over the last financial year. This applied to 14% of defined benefit schemes (open and closed) and 18% of salary-related top hat schemes (accounting for 2% of all top hat schemes). Overall, 4% of defined benefit schemes had contributed at a reduced rate over the past financial year, whilst one in ten (10%) had enjoyed a contributions holiday. Among salary-related top hat schemes, 1% had contributed at a reduced rate and 17% had enjoyed a contributions holiday. In such cases, the respondent was asked to specify the normal rate of employer contributions and it was this rate which was used in Table 3.11.

In other cases, both for salary-related and money-purchase schemes, some respondents reported that the rate of employer contributions varied between defined maximum and minimum rates. The proportion of schemes reporting variable rates was low among each type of scheme, but open defined contribution schemes were the most likely to have variable contribution rates (20%). In contrast, open defined benefit schemes were among the least likely to have variable rates (7%) (Table 3.12).

In such cases, respondents were asked to specify the minimum, maximum and average rate of employer contributions. The average rate is the one which is reported in Table 3.11. The number of schemes with variable contribution rates was not large enough to present detailed figures relating to minimum, maximum and average rates of contributions for all types of scheme. However, among defined benefit schemes with variable rates, the minimum rate generally stood at around 9%, the maximum rate at around 18% and the average rate at around 15%. Among defined contribution schemes with variable rates, the minimum generally stood at about 4%, the maximum at about 11% and the average around 7%.
Table 3.12 Incidence of variable rates of employers’ contributions to occupational pension schemes, by type of scheme, within larger organisations

<table>
<thead>
<tr>
<th></th>
<th>Defined benefit schemes</th>
<th>Defined contribution schemes</th>
<th>Top Hat schemes</th>
<th>All schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Open</td>
<td>Closed</td>
<td>All</td>
<td>Open</td>
</tr>
<tr>
<td>Variable contributions</td>
<td>7%</td>
<td>17%</td>
<td>8%</td>
<td>20%</td>
</tr>
<tr>
<td>Weighted base</td>
<td>22</td>
<td>3</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>521</td>
<td>87</td>
<td>608</td>
<td>241</td>
</tr>
</tbody>
</table>

Base: Schemes as specified in column headings, where the employer was contributing to the scheme and knew the basis of these contributions within organisations having 20 or more employees.

Members’ contributions

Earlier on in this section, it was noted that 74% of all schemes were contributory, that is, the member made some contribution to the pension scheme alongside the contributions of the employer (Table 3.7). The following table shows the median rates at which members were contributing to these schemes (Table 3.13).

The overall median rate of members’ contributions was slightly higher among all defined benefit schemes (open and closed) (49%) than among all defined contribution schemes (37%), but the difference was much smaller than the difference between the rates of employer contributions seen in Table 3.11. In addition, within these two types of scheme, there was little variation between the median rates for open and closed schemes or contracted out and not-contracted out schemes.

Table 3.13 Median rate of members’ contributions to occupational pension schemes as a percentage of the salary costs of an average member, by relationship to SERPS within type of scheme (larger organisations)

<table>
<thead>
<tr>
<th></th>
<th>Defined benefit schemes</th>
<th>Defined contribution schemes</th>
<th>Top Hat schemes</th>
<th>All schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Open</td>
<td>Closed</td>
<td>All</td>
<td>Open</td>
</tr>
<tr>
<td>Contracted out</td>
<td>49</td>
<td>43</td>
<td>49</td>
<td>36</td>
</tr>
<tr>
<td>Not contracted out</td>
<td>48</td>
<td>(56)</td>
<td>48</td>
<td>40</td>
</tr>
<tr>
<td>All schemes</td>
<td>49</td>
<td>45</td>
<td>49</td>
<td>38</td>
</tr>
<tr>
<td>Weighted base</td>
<td>21</td>
<td>2</td>
<td>23</td>
<td>14</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>619</td>
<td>81</td>
<td>700</td>
<td>167</td>
</tr>
</tbody>
</table>

Base: Schemes as specified in column headings, where members were contributing to the scheme and the employer knew the basis of these contributions within organisations having 20 or more employees.

There was a degree of variation in contribution rates among defined benefit schemes and among those based on a defined contribution. Among defined benefit schemes, the contribution rate at the lowest decile of the distribution was 3% whilst that at the highest decile was 59%. Among
defined contribution schemes, the rate at the lowest decile was 1.8% whilst that at the highest was 5.5%.

In a small proportion of contracted out defined contribution schemes, members’ contributions amounted merely to the equivalent of the contracted out rebate (1.8%). This was the case in 15% of contracted out defined contribution schemes where members paid contributions into the scheme. (These accounted for 6% of defined contribution schemes where members paid contributions.)

The next table places the median rates for members’ contributions alongside those for employers’ contributions within contributory pension schemes, and compares these rates with the contributions made by employers in non-contributory schemes (Table 3.14). It is clear from this table that in most cases, members’ contributions were not serving to increase the total amount paid into their pension scheme (at least as a percentage of their payroll costs), but rather were serving to make up for lower contributions from their employer.

Table 3.14 Median rate of employers’ and members’ contributions to occupational pension schemes as a percentage of the salary costs of an average member, by whether contributory within type of scheme (larger organisations)

<table>
<thead>
<tr>
<th></th>
<th>Defined benefit schemes</th>
<th>Defined contribution schemes</th>
<th>Top Hat schemes</th>
<th>All schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Open</td>
<td>Closed</td>
<td>All</td>
<td>Open</td>
</tr>
<tr>
<td>Employer and member</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>contributed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer</td>
<td>99</td>
<td>73</td>
<td>99</td>
<td>49</td>
</tr>
<tr>
<td>Member</td>
<td>49</td>
<td>45</td>
<td>49</td>
<td>38</td>
</tr>
<tr>
<td>Only employer</td>
<td>185</td>
<td>(139)</td>
<td>180</td>
<td>(57)</td>
</tr>
<tr>
<td>contributed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted base</td>
<td>24</td>
<td>3</td>
<td>27</td>
<td>17</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>722</td>
<td>99</td>
<td>821</td>
<td>203</td>
</tr>
</tbody>
</table>

Base: Schemes as specified in column headings where the employer was contributing to the scheme and knew the basis of those contributions within organisations having 20 or more employees.

3.1.4 Retirement age and gender equality

Three quarters (74%) of defined benefit schemes permitted men and women to retire at the same age (Table 3.15). The most common equal retirement age for these schemes was 65 years of age (used by 64% of those schemes with equal retirement ages, or 47% of all defined benefit schemes). The next most common was 60 years of age (used by 20% of schemes with equal age, or 15% of all defined benefit schemes). Where defined benefit schemes did not have equal retirement ages, the state pension ages of 65 years for men and 60 years for women almost always applied.
Defined contribution schemes were less likely than defined benefit schemes to apply equal retirement ages. Only two-thirds (66%) did so. However, when equal retirement ages did apply, 65 years and 60 years were applied in similar proportions of schemes (around 30% for each, totalling 95% of all defined contribution schemes with equality, or 63% of all defined contribution schemes). Among the third (34%) of defined contribution schemes which did not have equal retirement ages, the state retirement ages were again used in almost all cases.

Table 3.15 Retirement age, by type of scheme, within larger organisations

<table>
<thead>
<tr>
<th>Column percentage</th>
<th>Defined benefit schemes</th>
<th>Defined contribution schemes</th>
<th>Top Hat schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Same age for men and women</td>
<td>74</td>
<td>66</td>
<td>72</td>
</tr>
<tr>
<td>Less than 60 years</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>60 years</td>
<td>15</td>
<td>32</td>
<td>30</td>
</tr>
<tr>
<td>61-64 years</td>
<td>12</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>65 years</td>
<td>47</td>
<td>31</td>
<td>38</td>
</tr>
<tr>
<td>Different age for men and women</td>
<td>26</td>
<td>34</td>
<td>28</td>
</tr>
<tr>
<td>As state pension age</td>
<td>26</td>
<td>32</td>
<td>24</td>
</tr>
<tr>
<td>Men later than women</td>
<td>*</td>
<td>*</td>
<td>4</td>
</tr>
<tr>
<td>Women later than men</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Weighted base</td>
<td>25</td>
<td>18</td>
<td>10</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>764</td>
<td>236</td>
<td>188</td>
</tr>
</tbody>
</table>

Base: Oper occupational pension schemes as indicated in column headings, within organisations having 20 or more employees.

For each type of scheme, unequal retirement ages were much more likely to be found in smaller schemes than in larger ones (Table 3.16). Around one half of the smallest defined benefit and defined contribution schemes (those with less than 12 members) had unequal retirement ages for men and women. This figure fell to around three-tenths among schemes with between 12 and 99 members and was lower still among larger schemes—particularly those based upon a defined benefit.
Table 3.16 Proportion of pension schemes with unequal retirement ages, by number of active members within type of scheme, within larger organisations

<table>
<thead>
<tr>
<th></th>
<th>Defined benefit schemes</th>
<th>Defined contribution schemes</th>
<th>Top Hat schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-11 members</td>
<td>54</td>
<td>44</td>
<td>31</td>
</tr>
<tr>
<td>12-99 members</td>
<td>28</td>
<td>33</td>
<td>11</td>
</tr>
<tr>
<td>100-999 members</td>
<td>3</td>
<td>16</td>
<td>(12)</td>
</tr>
<tr>
<td>1000+ members</td>
<td>*</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Weighted base</td>
<td>25</td>
<td>18</td>
<td>10</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>762</td>
<td>234</td>
<td>187</td>
</tr>
</tbody>
</table>

Base open occupational pension schemes as indicated in column headings within organisations having 30 or more employees.

Many of the schemes with equal retirement ages had employed this rule since the establishment of the scheme. Two-thirds (64%) of defined contribution schemes with equal retirement ages and a similar proportion (67%) of equivalent top hat schemes had always had equality of pension ages. The proportion was much lower (18%) among defined benefit schemes, but such schemes had generally been established for a much longer period of time (see Section 3.1.1).

In cases where schemes did not at first have equal retirement ages, most of the equalisation had taken place within the last few years. Of those defined benefit schemes which equalised their pension ages after start-up, three-quarters (74%) had done so since 1991, including 9% who had equalised their pension ages within the last two years. Nine tenths of these defined benefit schemes were more than 5 years old (i.e. had been set up before 1991). Among equivalent defined contribution schemes, nine-tenths (92%) had equalised their pension ages since 1991, with one quarter (26%) having done so within the last two years. Three fifths of these defined contribution schemes were more than 5 years old.

3.1.5 Trustees

Occupational pension schemes are run by a board of trustees. The board of trustees is responsible for overseeing the pension scheme and ensuring that its funds are invested to the benefit of scheme members. The trustee board may consist of a number of individual trustees or, alternatively, there may be a corporate trustee company, with directors who act in the same way as a board of trustees. A board of individual trustees may also include an individual corporate trustee who may, for example, be a representative from a company which specialises in professional trustee services.

The composition of trustee boards.

Overall in larger organisations, one in seven defined benefit or defined contribution pension schemes (14%) were run solely by a corporate trustee.
Three-quarters (78%) were run by a board of individual trustees. A small proportion of schemes (1%) were reported to be without any trustees. In the remaining cases (7% of schemes), respondents were not aware of the trustee arrangements for the schemes in question. Most of these schemes where the trustee arrangements were not known were schemes with less than 5 members. Open defined contribution schemes were the most likely type of scheme to be run solely by a corporate trustee company. One quarter (24%) of such schemes had this type of trustee arrangement, whilst among open defined benefit schemes the proportion was only one tenth (9%) (Table 3.17).

<table>
<thead>
<tr>
<th>Trustee arrangements</th>
<th>Defined benefit</th>
<th>Defined contribution</th>
<th>All</th>
<th>Defined benefit</th>
<th>Defined contribution</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>*</td>
<td>(1)</td>
<td>1</td>
</tr>
<tr>
<td>One trustee</td>
<td>7</td>
<td>12</td>
<td>9</td>
<td>*</td>
<td>(3)</td>
<td>1</td>
</tr>
<tr>
<td>Two trustees</td>
<td>9</td>
<td>21</td>
<td>14</td>
<td>21</td>
<td>(6)</td>
<td>14</td>
</tr>
<tr>
<td>Three trustees</td>
<td>21</td>
<td>20</td>
<td>21</td>
<td>16</td>
<td>(3)</td>
<td>29</td>
</tr>
<tr>
<td>Four or more trustees</td>
<td>50</td>
<td>14</td>
<td>35</td>
<td>32</td>
<td>(2)</td>
<td>32</td>
</tr>
<tr>
<td>Corporate trustee</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>company</td>
<td>9</td>
<td>24</td>
<td>15</td>
<td>6</td>
<td>(3)</td>
<td>4</td>
</tr>
<tr>
<td>Don't know</td>
<td>3</td>
<td>8</td>
<td>5</td>
<td>24</td>
<td>(14)</td>
<td>19</td>
</tr>
<tr>
<td>Weighted base</td>
<td>25</td>
<td>19</td>
<td>44</td>
<td>4</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>766</td>
<td>241</td>
<td>1007</td>
<td>119</td>
<td>33</td>
<td>152</td>
</tr>
</tbody>
</table>

Base: Schemes specified in column headings within organisations having 20 or more employees.

Around one third (34%) of occupational pension schemes in larger organisations had large trustee boards consisting of four or more trustees. These schemes represented just under half (43%) of all schemes with at least one trustee and which were not run by a corporate trustee company. Defined benefit schemes were more likely to have large trustee boards than defined contribution schemes. One half (50%) of open defined benefit schemes had four or more trustees, compared with just 14% of

---

16 The proportion of schemes run solely by a corporate trustee company may be an under-estimate (and the proportion run by a board of individual trustees an over-estimate) since in cases where the respondent quoted the treatment of corporate trustees as misleading instruction in the questionnaire may have resulted in the interviewer coding schemes run by a mixture of corporate and other trustees as being run solely by a corporate trustee company.

17 Occupational pension schemes in the United Kingdom are almost always set up as trusts. Exceptionally some private pension arrangements are neither actually funded nor set up under a trust and do not have tax approval. On examination it did not appear that schemes which claimed to have no trustees were unapproved schemes. Indeed, some of them were large, contracted out schemes which must be trust based. It may be that these schemes had trustees but the respondents were not aware of this.
open defined contribution schemes. Yet, having said this, large occupational pension schemes were generally much more likely to have a larger number of trustees than small schemes, irrespective of the type of scheme. Around one quarter of those open defined benefit schemes with less than 20 members had four or more trustees, but this rose to just over half (56%) among schemes with between 20 and 99 members and three-quarters (76%) among those with 100 members or more (Table 3.18). The pattern among open defined contribution schemes was similar, but slightly less pronounced: one tenth of those with less than 20 members having four or more trustees, compared with 12% of those with between 20 and 99 members and 35% of those with 100 members or more.

Table 3.18 Trustee arrangements, by type of scheme and number of active members, within larger organisations

<table>
<thead>
<tr>
<th>Trustee arrangements</th>
<th>Open defined benefit schemes</th>
<th>Open defined contribution schemes</th>
<th>Column percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1-19</td>
<td>20-99</td>
<td>100+</td>
</tr>
<tr>
<td>None</td>
<td>(*)</td>
<td>*</td>
<td>3</td>
</tr>
<tr>
<td>One trustee</td>
<td>(11)</td>
<td>8</td>
<td>*</td>
</tr>
<tr>
<td>Two trustees</td>
<td>(19)</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Three trustees</td>
<td>(23)</td>
<td>28</td>
<td>9</td>
</tr>
<tr>
<td>Four or more trustees</td>
<td>(25)</td>
<td>56</td>
<td>7/6</td>
</tr>
<tr>
<td>Corporate trustee company</td>
<td>(15)</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Don't know</td>
<td>(5)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Weighted base</td>
<td>10</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>39</td>
<td>80</td>
<td>626</td>
</tr>
</tbody>
</table>

Base: Schemes specified in column headings within organisations having 20 or more employees.

The incidence of member trustees.

In cases where the pension scheme is run by a board of individual trustees, it is possible that some members of the trustee board are also members of the scheme itself. Three-quarters (77%) of all schemes which were run by a board of individual trustees had at least some members of the pension scheme on their trustee board (Table 3.19). However, among those schemes which were open to new members, a clear difference was apparent between defined contribution schemes and defined benefit schemes. Four-fifths (83%) of open defined benefit schemes which were run by a board of individual trustees had trustees that were members of the scheme, whilst among open defined contribution schemes the proportion was three-fifths (63%).
Table 3.19 Proportion of trustees that were members of schemes, by type of scheme, within larger organisations

<table>
<thead>
<tr>
<th></th>
<th>Open schemes</th>
<th></th>
<th>Closed schemes</th>
<th></th>
<th>All schemes</th>
<th>Column percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Defined</td>
<td>Defined</td>
<td>All</td>
<td>Defined</td>
<td>Defined</td>
<td>All</td>
</tr>
<tr>
<td></td>
<td>benefit</td>
<td>contribution</td>
<td></td>
<td>benefit</td>
<td>contribution</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>17</td>
<td>37</td>
<td>74</td>
<td>18</td>
<td>(12)</td>
<td>15</td>
</tr>
<tr>
<td>1-24%</td>
<td>4</td>
<td>*</td>
<td>2</td>
<td>*</td>
<td>(1)</td>
<td>*</td>
</tr>
<tr>
<td>25-49%</td>
<td>15</td>
<td>16</td>
<td>15</td>
<td>5</td>
<td>(24)</td>
<td>16</td>
</tr>
<tr>
<td>50-74%</td>
<td>20</td>
<td>17</td>
<td>19</td>
<td>53</td>
<td>(3)</td>
<td>24</td>
</tr>
<tr>
<td>75-99%</td>
<td>12</td>
<td>3</td>
<td>8</td>
<td>11</td>
<td>(*)</td>
<td>5</td>
</tr>
<tr>
<td>All</td>
<td>33</td>
<td>27</td>
<td>31</td>
<td>12</td>
<td>(60)</td>
<td>40</td>
</tr>
<tr>
<td>Weighted base</td>
<td>21</td>
<td>12</td>
<td>34</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>646</td>
<td>175</td>
<td>821</td>
<td>49</td>
<td>23</td>
<td>113</td>
</tr>
</tbody>
</table>

Base: Schemes run by a board of individual trustees within organisations having 20 or more employees.

Around one third (32%) of schemes which were run by a board of individual trustees had trustee boards which consisted wholly of members of the pension scheme. Here there was only a small difference between open defined benefit and open defined contribution schemes, with the figure standing at 33% among open defined benefit schemes and 27% among those based on a defined contribution.

Among the smaller trustee boards with less than four trustees, boards comprising wholly of members of the pension scheme were slightly more common than boards with no members on them at all. In almost four out of ten small trustee boards (37%) all of the trustees were members compared with around one quarter (23%) where there were no member trustees. Among larger trustee boards (i.e. those with 4 or more members) the difference was smaller and in the opposite direction, with 18% consisting wholly of member trustees whilst 22% had none.

The incidence of member-nominated trustees

The members of trustee boards are usually appointed by the employer. However, in some pension schemes, scheme members are given an opportunity to nominate individuals for appointment to the board of trustees. The Pensions Act 1995 brought in new requirements for the appointment of trustees. These stated that members of pension schemes must be allowed to choose at least one-third of the scheme’s trustees or be given the opportunity to approve alternative arrangements. It should be noted, however, that the schemes discussed here were not subject to this legislative requirement at the time of the survey.

Three in ten schemes (29%) which were not run solely by a corporate trustee company had at least one trustee who had been nominated by members of the pension scheme (Table 3.20). Just under one in ten (7%)
had trustee boards comprising wholly of member-nominated trustees. The incidence of member-nominated trustees was highest among open defined benefit schemes, with over one third (35%) of the trustee boards of these schemes having member-nominated trustees. The trustee boards of open defined contribution schemes were less likely to include member-nominated trustees: only one fifth (22%) did so.

Table 3.20 Proportion of trustees that were nominated by members of schemes, by type of scheme, within larger organisations

<table>
<thead>
<tr>
<th></th>
<th>Open schemes</th>
<th>Closed schemes</th>
<th>All schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Defined</td>
<td>Defined</td>
<td>Defined</td>
</tr>
<tr>
<td></td>
<td>benefit</td>
<td>contribution</td>
<td>All</td>
</tr>
<tr>
<td>None</td>
<td>65</td>
<td>78</td>
<td>70</td>
</tr>
<tr>
<td>1-24%</td>
<td>!</td>
<td>*</td>
<td>1</td>
</tr>
<tr>
<td>25-49%</td>
<td>20</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>50-74%</td>
<td>7</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>75-99%</td>
<td>1</td>
<td>*</td>
<td>1</td>
</tr>
<tr>
<td>All</td>
<td>6</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>Weighted base</td>
<td>19</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>621</td>
<td>163</td>
<td>784</td>
</tr>
</tbody>
</table>

Note: Schemes run by a board of individual trustees within organisations having 20 or more employees.

Defined benefit schemes with larger numbers of members were more likely to have at least some member-nominated trustees than smaller defined benefit schemes. Around one-third (32%) of open defined benefit schemes with less than 100 members had trustees that were nominated by members of the scheme, compared with 44% of schemes with between 100 and 999 members and 60% of schemes with 1000 members or more. Among schemes based on a defined contribution, the age of the scheme was a clearer indicator than size: with newer schemes being more likely to have member-nominated trustees than older ones. Member-nominated trustees were present in only 10% of defined contribution schemes established before 1987, but among those schemes established between 1988 and 1994 the figure was 26% and among those established in the two years prior to the survey the figure was 35%.

3.6 Financial situation

This final section on occupational pension schemes belonging to larger organisations considers the financial situation of salary-related schemes. It first explores the extent to which pension scheme assets are invested in the organisation itself, either in the form of shares, property or loans. It then goes on to examine the funding position of schemes, that is, the balance of scheme assets and liabilities.

Self-investment

The extent of self-investment was investigated for defined benefit schemes.
and salary-related top hat schemes. Defined contribution schemes and money-purchase top hat schemes are mostly based upon insurance policies or externally-managed funds; in consequence, it was not appropriate to ask about self-investment for these types of scheme.

Self-investment among defined benefit schemes was extremely rare; only 1% of schemes had any degree of self-investment. This percentage did not differ between open and closed schemes. Self-investment was more common among salary-related top hat schemes, where three-tenths (31%) invested some of their assets back into their own organisation.

Among defined benefit schemes, the degree of self-investment (the percentage of scheme assets invested in the employing organisation) varied from just 1% up to 21%. The mean percentage of assets invested was 6%, whilst the median was 2%. A much higher percentage of assets were invested within top hat schemes. The number of schemes was very low, but the mean percentage of assets invested was 38%, as was the median, and the range went from 1% to 50%. The low numbers of both types of scheme precluded further analysis.

Balance of assets and liabilities

The survey also sought to establish the funding position of salary-related schemes at the time of their last actuarial review. In one-fifth (18%) of cases, the respondent did not know this item of information. In a further 4% of cases, an actuarial review had not yet been carried out. Table 3.21 shows the funding position of the remaining 78% of salary-related schemes, comprising open and closed defined benefit schemes (except frozen schemes) and salary-related top hat schemes. Around three-quarters (76%) of open defined benefit schemes were in surplus at the time of the survey, meaning that the valuation of each scheme's assets exceeded its liabilities. This compared with four-fifths (80%) of closed defined benefit schemes and almost nine-tenths (86%) of salary-related top hat schemes. Defined benefit schemes were slightly more likely than top hat schemes to be underfunded. Around one in seven open defined benefit schemes (15%) had liabilities which exceeded their assets, as did one in ten (11%) closed defined benefit schemes. This compared with just 2% of top hat schemes.

* The weighted base of those providing a figure was 17.
Table 3.21 Funding position of salary-related occupational pension schemes, by type of scheme, within larger organisations

<table>
<thead>
<tr>
<th></th>
<th>Open defined benefit schemes</th>
<th>Closed benefit schemes</th>
<th>Top Hat schemes</th>
<th>All salary related schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>In surplus</td>
<td>76</td>
<td>80</td>
<td>86</td>
<td>78</td>
</tr>
<tr>
<td>Assets equal to liabilities</td>
<td>10</td>
<td>9</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Underfunded</td>
<td>15</td>
<td>11</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Weighted base</td>
<td>20</td>
<td>2</td>
<td>3</td>
<td>25</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>682</td>
<td>104</td>
<td>105</td>
<td>891</td>
</tr>
</tbody>
</table>

Base Salary-related occupational pension schemes where actuarial review conducted and outcome known within organisations having 30 or more employees.

Focusing on open defined benefit schemes, older schemes were generally more likely to be in surplus than newer ones. Some 95% of open defined benefit schemes which had been established before 1961 were in surplus compared with 91% of those set up between 1961 and 1977, and just over half (54%) of those set up between 1978 and 1987. Three quarters (75%) of those established since 1988 were in surplus.

3.2 Occupational pension schemes within small organisations

The results contained within this section should be treated cautiously because of the small numbers of observations. Vulgar fractions are generally given in the place of percentages to reflect the coarseness of measurement.

In contrast to larger organisations, small organisations with occupational schemes were most likely to provide a top hat scheme (41%) (see Table 3.22). Defined benefit schemes were more common than defined contribution schemes. One fifth (22%) of small providers had an open defined benefit scheme and one tenth (11%) had an open defined contribution scheme. In addition, 10% reported a closed defined benefit scheme and 16% a closed defined contribution scheme. The preponderance of closed schemes amongst those with defined contribution schemes suggests that these may have been small organisations which had previously been larger.

Active membership in the broadly based occupational schemes was also more common for defined benefit schemes (33%) than for defined contribution schemes (18%).
Table 3.22 Type of occupational pension scheme within small organisations

<table>
<thead>
<tr>
<th>Schemes</th>
<th>Active members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Open schemes</strong></td>
<td></td>
</tr>
<tr>
<td>Defined benefit</td>
<td>22</td>
</tr>
<tr>
<td>Defined contribution</td>
<td>11</td>
</tr>
<tr>
<td>Top Hat</td>
<td>41</td>
</tr>
<tr>
<td><strong>Closed schemes</strong></td>
<td></td>
</tr>
<tr>
<td>Defined benefit</td>
<td></td>
</tr>
<tr>
<td>- contributions paid</td>
<td>2</td>
</tr>
<tr>
<td>- no further contributions</td>
<td>8</td>
</tr>
<tr>
<td>Defined contribution</td>
<td></td>
</tr>
<tr>
<td>- contributions paid</td>
<td>10</td>
</tr>
<tr>
<td>- no further contributions</td>
<td>6</td>
</tr>
<tr>
<td>Type not known</td>
<td>1</td>
</tr>
<tr>
<td><strong>Weighted base</strong></td>
<td>305</td>
</tr>
<tr>
<td><strong>Unweighted base</strong></td>
<td>113</td>
</tr>
</tbody>
</table>

Base: All occupational pension schemes in organisations less than 20 employees

1 This category includes cases in which contributions have been temporarily suspended

Underpinnings

In small organisations, one third of underpinnings had been introduced within the last five years. Among schemes which had been established before 1991 and which had underpinnings at the time of the survey in 1996, around a third had introduced the underpin in the last five years.

4.2.1 Age of schemes

The typical date of introduction of schemes among small organisations was generally more recent than for larger organisations, reflecting their younger age. Both defined benefit and defined contribution schemes were typically introduced in the period 1988-94 (Table 3.23)

Table 3.23 Date of establishment of pension scheme or arrangement, by type of pension arrangement, within small organisations

<table>
<thead>
<tr>
<th>Type of scheme</th>
<th>Pre-1940</th>
<th>1940-</th>
<th>1961-</th>
<th>1978-</th>
<th>1988-</th>
<th>1995-</th>
<th>Weighted base</th>
<th>Unweighted base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit</td>
<td>-</td>
<td>7</td>
<td>28</td>
<td>52</td>
<td>13</td>
<td>68</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Defined contribution</td>
<td>-</td>
<td>10</td>
<td>35</td>
<td>38</td>
<td>18</td>
<td>22</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Top Hat</td>
<td>-</td>
<td>6</td>
<td>31</td>
<td>42</td>
<td>22</td>
<td>123</td>
<td>41</td>
<td></td>
</tr>
</tbody>
</table>

Base: Occupational pension schemes as specified in row texts within organisations having less than 20 employees

3.2.2 Eligibility and membership profile

Small organisations that provided occupational schemes almost universally made them available to all employees. This was true for over nine tenths of defined benefit schemes and over four fifths of defined contribution...
schemes (Table 3.24) White collar staff or other groups of employees were infrequently mentioned as the eligible group for defined contribution schemes that were not available to all employees.

Table 3.24 Sections of the workforce eligible to join, by type of pension provision, within small organisations

<table>
<thead>
<tr>
<th>Section eligible to join</th>
<th>Defined benefit schemes</th>
<th>Defined contribution schemes</th>
<th>Top Hat schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>All employees</td>
<td>95</td>
<td>86</td>
<td>92</td>
</tr>
<tr>
<td>All except for senior management</td>
<td>-</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>White collar / staff employees only</td>
<td>1</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Blue collar / works employees only</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>All in particular subsidiaries</td>
<td>2</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Only those invited to join</td>
<td>2</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Other groups of employees</td>
<td>-</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Weighted base</td>
<td>59</td>
<td>33</td>
<td>92</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>23</td>
<td>21</td>
<td>44</td>
</tr>
</tbody>
</table>

*Base: All open defined benefit and defined contribution schemes within organisations having less than 20 employees.

Membership profile

The profile of active members of the main types of occupational scheme was somewhat different to the profile of all employees in small organisations. Overall, one third of employees were female, whilst this was true for around one quarter of members in defined benefit schemes and one fifth of members in defined contribution schemes (Table 3.25). One in seven employees of small organisations worked part-time yet the proportion of scheme members working part-time was around one in twenty for both defined benefit and defined contribution schemes.
### Table 3.25 Membership profile, by type of scheme or organisation, within small organisations

<table>
<thead>
<tr>
<th>Type of Scheme</th>
<th>Percentage</th>
<th>Percentage</th>
<th>Weighted Base</th>
<th>Unweighted Base</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
<td>working part-time¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined benefit schemes</td>
<td>27</td>
<td>6</td>
<td>68</td>
<td>24</td>
</tr>
<tr>
<td>All employees in organisations with defined benefit schemes</td>
<td>38</td>
<td>11</td>
<td>32</td>
<td>33</td>
</tr>
<tr>
<td>Defined contribution schemes</td>
<td>22</td>
<td>5</td>
<td>33</td>
<td>71</td>
</tr>
<tr>
<td>All employees in organisations with defined contribution schemes</td>
<td>32</td>
<td>11</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>Top Hat schemes</td>
<td>19</td>
<td>5</td>
<td>125</td>
<td>43</td>
</tr>
<tr>
<td>All employees in organisations with Top Hat schemes</td>
<td>30</td>
<td>13</td>
<td>55</td>
<td>36</td>
</tr>
<tr>
<td>All employees in organisations with pension provision</td>
<td>36</td>
<td>15</td>
<td>331</td>
<td>256</td>
</tr>
</tbody>
</table>

Base: Open occupational pension schemes or organisations as specified in row texts within organisations having less than 20 employees²

¹ Part time is defined as working less than 30 hours per week.
² The base given in the table refers to the number of organisations in each row which were able to specify the number of male and female members, pensioners or employees as appropriate. The number that were able to specify the part time/full time mix (where applicable) was generally higher.

### 3.2.3 Contributions

Small organisations were much less likely to require employees to contribute to occupational schemes than larger organisations. Around one half of them did so for defined benefit schemes and a third did so for defined contributions schemes (Table 3.26).

There were too few small organisations to report results on how occupational schemes related to SERPS or on the basis of employees' contributions in salary-related schemes.
### Table 3.26 Method of financing pension scheme, by type of scheme, within small organisations

<table>
<thead>
<tr>
<th>Employed and member</th>
<th>Defined benefit</th>
<th>Defined contribution</th>
<th>All schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>contributed</td>
<td>47%</td>
<td>17%</td>
<td>45%</td>
</tr>
<tr>
<td>Weighted base</td>
<td>68</td>
<td>11</td>
<td>101</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>24</td>
<td>21</td>
<td>15</td>
</tr>
</tbody>
</table>

Notes: Schemes included in column headings within organisations having less than 20 employees. Closed schemes are only included in cases where the employer was paying contributions into the scheme at the time of the survey.

---

3.2.4 Retirement age and gender equality

Around three fifths of small organisations with defined benefit schemes had the same retirement age for men and women. The same proportion applied for defined contribution schemes. In both cases, the remainder following the state pension ages.

3.2.5 Trustees

Almost a third of small organisations with open occupational schemes were unable to describe their trustee arrangements. Of those that did, about one in eight had a corporate trustee company.

3.2.6 Financial situation

Over nine in ten salary-related occupational schemes in small organisations were in surplus.

3.3 Group Personal Pensions and arrangements whereby employers contribute to personal pensions

This second part of Chapter 3 discusses the detailed information collected by the survey which relates specifically to group personal pensions (GPPs) and arrangements whereby employers make contributions to employees' personal pension schemes. Within the whole of this section, information on small organisations (those with fewer than 20 employees) follows that relating to larger organisations within the main body of the report. However, within each section, the discussion of each of the two groups is presented under separate headings.

Within organisations having 20 or more employees, contributions to personal pension schemes were marginally more common than GPPs.
Just over half (56%) of the personal pension schemes found in such organisations involved contributions to personal pensions, whilst 44% were GPPs. Among those organisations having fewer than 20 employees, the pattern was much more distinct: three-quarters (74%) of all personal schemes involved contributions to personal pensions whilst only 26% were GPPs.

The survey collected less information on these two types of personal pension arrangement than it did on occupational pension schemes. However, it did collect information on three key areas: the age profile of personal pension arrangements, the relationship to SERPS and the details of employer contributions.

### Age of arrangements

Both group and personal pension arrangements are relatively recent introductions. Tables 3.27a and b show the years in which the two types of personal pension scheme or arrangement were reported as having been established. Substantial proportions of personal pension arrangements had been established in the two years prior to the survey.

**Larger organisations**

Within organisations having 20 or more employees, one in seven (15%) of those arrangements where employers made contributions to personal pensions had been established in the period 1994-96 as had one fifth (22%) of group personal pensions (Table 3.27a). Around half (53%) of group personal pensions had been established between 1988 and 1994, with a further quarter having been set up before that time. The figures were similar in respect of arrangements whereby employers contribute to their employees' personal pensions. 57% had been established between 1988 and 1994 with 28% having been established prior to 1988. Around two-fifths of those larger organisations establishing arrangements to contribute to employees' personal pensions since 1991 were already making some form of pension provision before introducing the new arrangement. The same was true of only one tenth of those larger organisations that established GPPs in this period.

**Small organisations**

Within small organisations, the proportions of arrangements that had been established between 1994 and 1996 were quite similar to those seen among larger organisations: 24% in the case of those arrangements where employers made contributions to personal pensions and 10% in the case of group personal pensions (Table 3.27b). However, arrangements among small organisations were older in general, with greater proportions having been established in the period before 1988.
Table 3.27a Date of establishment of arrangement, by type of personal pension arrangement - larger organisations

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Group personal pensions</td>
<td>-1</td>
<td>1</td>
<td>24</td>
<td>58</td>
<td>22</td>
<td>27</td>
<td>218</td>
<td></td>
</tr>
<tr>
<td>Contributions to personal pensions</td>
<td>-2</td>
<td>5</td>
<td>25</td>
<td>57</td>
<td>15</td>
<td>31</td>
<td>212</td>
<td></td>
</tr>
</tbody>
</table>

Note: Pension arrangements as specified in row texts within organisations having 20 or more employees

Table 3.27b Date of establishment of arrangement, by type of personal pension arrangement - small organisations

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Group personal pensions</td>
<td>2</td>
<td>1</td>
<td>36</td>
<td>38</td>
<td>24</td>
<td>41</td>
<td>112</td>
<td>53</td>
</tr>
<tr>
<td>Contributions to personal pensions</td>
<td>3</td>
<td>3</td>
<td>30</td>
<td>57</td>
<td>10</td>
<td>30</td>
<td>130</td>
<td>130</td>
</tr>
</tbody>
</table>

Note: Pension arrangements as specified in row texts within organisations having fewer than 20 employees

3.3.2 Relationship to SERPS

The 1986 Social Security Act, implemented in 1988, first allowed employees with personal pensions to contract out of the State Earnings Related Pension Scheme (SERPS). Employees who have done so hold Appropriate Personal Pensions (APPs). In cases where employers reported that they contributed to their employees' personal pension arrangements, they were asked to specify the number of these employees who, to their knowledge, held APPs.

Larger organisations

Looking first at provision within organisations having 20 employees or more, three-tenths (30%) of those employers who contributed to their employees' personal pensions did not know how many of these employees held APPs. A further 2% refused to say. Of the remainder, around one in ten (12%) said that all of these employees held APPs; two-fifths (41%) said that only some employees did and a similar proportion (47%) said that none had contracted out of SERPS.

Those pension arrangements which had been more recently established were more likely than older arrangements to consist, either partially or wholly, of employees with APPs. Around one in twenty of those arrangements which had been established before 1988 consisted wholly of employees with APPs. None of these arrangements, compared with around one in seven of those set up between 1988 and 1994, and around one fifth of those set up in 1995 or 1996. Similarly, whilst one half of those arrangements which

11 Percentages cannot be stated with confidence due to the low numbers of unweighted cases on which these proportions are based.
had been established before 1988 did not currently include any employees who had contracted out of SERPS, this also being the case for around one half of those set up between 1988 and 1994, the same was true for only one quarter of the more recent arrangements.

Small organisations

Small employers (those with fewer than 20 employees) were less likely to offer information about the incidence of APPs within their organisation. 37% of those contributing to employees’ personal pensions did not know how many employees held APPs whilst a further 16% refused to say. Among the remainder, over one third (37%) said that all of the employees had contracted out of SERPS yet the same percentage (37%) reported that none had done so. Just over a quarter (26%) said that only some employees did. As with those arrangements found in larger organisations, newer arrangements were more likely than older ones to consist, either partially or wholly, of employees with APPs. Around one third of those arrangements established before 1988 included employees with Appropriate Personal Pensions, compared with around three-quarters of those established either between 1988 and 1994 or in the two years prior to the survey.

3.3.3 Contributions

Incidence of employer’s contributions to group personal pensions

In cases where employers had established a group personal pension, the employer did not necessarily also make contributions to employees’ pensions under this arrangement. In some cases, employers did make contributions for all members. However, in other cases, contributions were made for only some of the members of the GPP and, occasionally, the employer made no contributions at all. The incidence of employers’ contributions to GPPs is explored below, firstly within organisations having 20 or more employees.

Larger organisations

Among organisations having 20 or more employees, one half (49%) of those employers with a group personal pension arrangement made contributions for all of the members of the scheme. In a further 45% of schemes, the employer made contributions for some members, leaving a small minority (5%) of schemes where no employer contributions were made. These proportions did not vary in any substantial way by scheme membership or age.

Small organisations

Among small organisations (those with fewer than 20 employees), the vast majority (75%) of those employers with a group personal pension arrangement made contributions for some, but not all, of the members of the scheme. One fifth (22%) made contributions for all members, leaving a minority (4%) who made no contributions at all.
The survey did not seek to establish the criteria by which some employees received employer contributions whilst others did not.

Employers' contributions to group and individual personal pension arrangements

For those arrangements where employers were making contributions for their employees, the survey asked respondents to specify the rate at which these contributions were being made (expressed as a percentage of the payroll costs of an average member). The results are discussed below, firstly for organisations with 20 or more employees and then for smaller organisations.

Larger organisations

Within organisations having 20 or more employees, many respondents were unable to specify the rate at which their organisation contributed to group and personal pension arrangements. However, in those cases where they were able to do so, the contributions paid into employees' personal pension schemes were found to be slightly higher, on average, than those paid into group personal pension arrangements.

For group personal pensions where the employer made contributions, around one in seven respondents (15%) could only give an amount in pounds, rather than a contribution rate which was related to payroll costs. A further 8% did not know the rate at which contributions were made.

For arrangements where employers contributed to employees' personal pension arrangements, the problem was much greater. One quarter (25%) could only give an amount in pounds, around one fifth (19%) did not know the contribution rate and 3% refused to say. The result was that a rate was specified for three-quarters (77%) of group personal pensions where employers made contributions but only half (50%) of those arrangements where an employer contributed to employees' personal pension arrangements.

Table 3.28 uses the available data to show the median rate of contributions to the two types of arrangement. The median rate of contributions in the case of employers' contributions to employees' personal pension arrangements was 5.9%. For group personal pensions it was 4.9%. The rate at the highest decile was slightly higher for group personal pensions (14.0%, compared with 11.7% for employers' contributions to employees' personal arrangements). However, the rate at the lowest decile was very similar (2.5% for group personal pensions, compared with 2.6% for employers' contributions to employees' personal pension arrangements).

In cases where the respondent said that the contribution rate was not fixed, they were asked to specify the minimum, maximum and average rate of contributions. The average rate is the one which is reported in Table 3.28, applying to 54% of group personal pensions and 79% of
arrangements where an employer contributed to employees' personal pension arrangements. Among group personal pensions with variable contribution rates, the median minimum rate was 3.3% whilst the median maximum rate was 5.7%. Among arrangements where an employer contributed to employees' personal pension arrangements, the median minimum rate was 4.7% and the median maximum rate 7.3%.

Table 3.28 Median rate, highest and lowest deciles of employers' contributions to group and personal pension arrangements, as a percentage of the payroll costs of an average member, by type of scheme (larger organisations)

<table>
<thead>
<tr>
<th></th>
<th>Group personal pensions</th>
<th>Contributions to personal pensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median contribution</td>
<td>4.9</td>
<td>5.9</td>
</tr>
<tr>
<td>Highest decile</td>
<td>14.0</td>
<td>11.7</td>
</tr>
<tr>
<td>Lowest decile</td>
<td>2.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Weighted base</td>
<td>20</td>
<td>18</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>163</td>
<td>146</td>
</tr>
</tbody>
</table>

Base: Group or personal pensions where the respondent specified a fixed or average rate of employer contributions within organisations having 20 or more employees.

Small organisations

Within small organisations, the provision of detailed information about contribution rates proved to be even more difficult than among the larger organisations. When asked about the employer's rate of contributions to group personal pensions, 15% did not know the rate at which contributions were made and a further 25% could only give an amount in pounds. A minority (3%) refused to answer. This meant that a rate was specified for only half (56%) of the schemes. Yet only one fifth (22%) of respondents could specify a rate where contributions were made to employees' personal pension schemes, since over half (56%) could only give an amount in pounds, one fifth (21%) did not know the contribution rate and 1% refused to say.

A comparison based on those cases where the details of employers' contributions were known and reported shows that within small organisations, it was group personal pensions that appeared to attract the higher median rate of contributions (Table 3.29). The rate at the highest decile was somewhat lower for group personal pensions than contributions to individual personal pensions, however, whilst the rates at the lowest deciles were broadly comparable. It should be noted, however, that the figures presented in Table 3.29 may be somewhat imprecise due to the low numbers of cases on which they are based.
Table 3.29 Median rate, highest and lowest deciles of employers' contributions to group and personal pension arrangements, as a percentage of the payroll costs of an average member, by type of scheme (small organisations)

<table>
<thead>
<tr>
<th></th>
<th>Group personal pensions</th>
<th>Contributions to personal pensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median contribution rate</td>
<td>76</td>
<td>57</td>
</tr>
<tr>
<td>Highest decile</td>
<td>152</td>
<td>179</td>
</tr>
<tr>
<td>Lowest decile</td>
<td>37</td>
<td>30</td>
</tr>
<tr>
<td>Weighted base</td>
<td>65</td>
<td>71</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>27</td>
<td>33</td>
</tr>
</tbody>
</table>

Base: Group or personal pensions where the respondent specified a fixed or average rate of employer contributions within organisations having fewer than 20 employees.

Unfortunately, the low numbers of schemes precluded further analysis of contribution rates.
4 RECENT AND EXPECTED CHANGES IN PENSION PROVISION

This final chapter presents information on recent and expected changes in pension provision among private sector organisations. The chapter first outlines the incidence of key changes in provision before going on to explore each type of change in more depth. Changes to the detail of existing pension schemes or arrangements are also identified. Anticipated changes are then outlined, including the intentions of current non-providers.

Within the whole of this chapter information on small organisations (those with fewer than 20 employees) follows that relating to larger organisations within each section.

4.1 Recent changes

Four types of major change in pension provision were identifiable from the survey. These are reported separately in the following sections:

- non-providers in 1991 who became providers by 1996
- providers in 1991 who added a new arrangement to their existing provisions,
- providers in 1991 who changed their existing arrangement or arrangements,
- providers in 1991 who closed an occupational scheme without replacement.

Although the survey focused on organisations' current situations and asked about changes retrospectively, combinations of answers have permitted reclassification of the last three categories according to their situation at the start of the five-year period.

Larger organisations

The overall incidence of the four types of change among organisations with 20 or more employees was as follows:

- 27% of providers in 1996 had been non-providers five years previously,
- 8% of providers in 1996 had added a new arrangement to their existing 1991 provisions,
- 7% of providers in 1996 had changed their 1991 arrangement or arrangements,
- 4% of providers in 1996 had closed an occupational scheme without replacing it.

26 The survey sample however refers to the population of organisations in 1996 not the population in 1991. Since we do not know what proportion of the 1991 population survived through to 1996, it is not possible to state the proportion of all non-providers in 1991 which became providers by 1996 for example rather, we can only state the proportion of 1996 providers who were non-providers in 1991.
Smaller organisations

Within organisations having fewer than 20 employees, the overall incidence of the four types of change was broadly similar, although a higher proportion of organisations were found to be new providers of pensions:

- 39% of providers in 1996 had been non-providers five years previously,
- 4% of providers in 1996 had added a new arrangement to their existing 1991 provisions,
- 2% of providers in 1996 had changed their 1991 arrangement or arrangements,
- 2% of providers in 1996 had closed an occupational scheme without replacing it.

4.1.2 New provision among former non-providers

Larger organisations

Around one fifth (19%) of all organisations with 20 or more employees had begun providing pension arrangements for employees within the previous five years, that is since 1991. This amounted to just over one quarter (27%) of current providers.

New providers were younger organisations than providers in general but they were also younger than non-providers (Table 4.1). Two-fifths (41%) of new providers had begun operating in Britain since 1990, compared with one tenth (11%) of all providers and one quarter (25%) of non-providers. A further sixth (17%) of new providers had begun operating in the 1980s.

As a result, almost half (47%) of new providers had begun to provide pensions within 5 years of the establishment of the organisation. A further 16% had taken between 6 and 15 years. 16% had taken between 16 and 30 years and 22% had taken more than 30 years to begin to provide pensions for their employees.

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21 This proportion excludes a small number of cases where the date of first provision was not reported.
Table 4.1 Characteristics of new providers, all providers and non-providers (larger organisations)

<table>
<thead>
<tr>
<th>Year organisation commenced</th>
<th>New providers</th>
<th>All providers</th>
<th>Non-providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>GB operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre 1960</td>
<td>22</td>
<td>35</td>
<td>17</td>
</tr>
<tr>
<td>1960-1979</td>
<td>19</td>
<td>32</td>
<td>28</td>
</tr>
<tr>
<td>1980-1989</td>
<td>17</td>
<td>22</td>
<td>30</td>
</tr>
<tr>
<td>1990-1996</td>
<td>41</td>
<td>11</td>
<td>25</td>
</tr>
<tr>
<td>Number of employees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-99</td>
<td>83</td>
<td>82</td>
<td>95</td>
</tr>
<tr>
<td>100-499</td>
<td>13</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>500+</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Weighted base</td>
<td>12</td>
<td>49</td>
<td>20</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>159</td>
<td>1026</td>
<td>115</td>
</tr>
</tbody>
</table>

Base: Organisations as specified in column headings within organisations having 20 or more employees.

New providers had a similar size profile to longer-standing providers, but they were generally larger than non-providers. Four-fifths (83%) of new providers employed between 20 and 99 people, this compared with over nine-tenths (95%) of non-providers (Table 4.1). One in eight new providers (13%) employed 100 or more, compared with only 3% of non-providers.

The results above suggest that new providers and non-providers differ in the speed with which they have grown since they first began operating, and that fast-growing organisations are more likely to be current pension providers. This was confirmed by comparing the average rate of growth of the two groups. New providers had grown by 10 employees per year on average since they first started operations, whereas non-providers had grown by an average of only 4 employees per year since they started up.

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50% of new providers had grown by at least 5 employees per year since they started operations in Britain whereas only 26% of non-providers had done so.
There were some differences between new providers and non-providers in terms of their industry sector. New providers were more likely to be in manufacturing than non-providers (44% compared with 17% of non-providers) and less likely to be involved in education and health or 'Other services' (11%, compared with 28% of non-providers). These figures help to explain why new providers were less likely than non-providers to employ substantial numbers of part-time workers or women.

Small organisations

One in seven small organisations (14%) had begun providing pensions in the five year period between 1991 and 1996, amounting to two-fifths (39%) of all small providers.

Small new providers were much younger than small providers as a whole and were also younger than small non-providers (Table 4.2). Almost three-fifths (58%) of new providers with less than 20 employees had been established since 1990, compared with just one quarter (25%) of all providers and around two-fifths (37%) of non-providers. A further 31% of new providers had been set up in the 1980s, such that nine-tenths (89%) of small new providers had been in existence for 16 years or less. This compared with three-fifths (61%) of all small providers and 70% of small non-providers. Two-thirds (65%) of small new providers had taken five years or less to set up their pension provision.

There were no stark differences between the distribution of small new providers and longer-standing small providers across the different sectors of industry. However, new providers were slightly more likely to be engaged in manufacturing (14% of new providers, compared with 8% of other providers) and more likely to be engaged in public administration, social security, education and health (8% of new providers compared with none of the longer-standing providers). New providers were less likely to be engaged in retail and distribution (21% of new providers, compared with 30% of longer-standing providers).

Table 4.2 Characteristics of new providers, all providers and non-providers (small organisations)

<table>
<thead>
<tr>
<th>Year organisation commenced</th>
<th>New providers</th>
<th>All providers</th>
<th>Non-providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>GB operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre 1960</td>
<td>2</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>1960-1979</td>
<td>9</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>1980-1989</td>
<td>31</td>
<td>36</td>
<td>33</td>
</tr>
<tr>
<td>1990-1996</td>
<td>58</td>
<td>25</td>
<td>37</td>
</tr>
<tr>
<td>Weighted base</td>
<td>121</td>
<td>325</td>
<td>580</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>92</td>
<td>232</td>
<td>406</td>
</tr>
</tbody>
</table>

Base: Organisations as specified in column headings within organisations having less than 20 employees.
Types of provision introduced by new providers

Larger organisations

The most common type of new provision among new providers with 20 or more employees was a group personal pension, just under half (44%) of larger new providers had introduced this arrangement. Next most common (41% of new providers) were contributions to personal pensions. Around a tenth (12%) had introduced a defined contribution scheme, a defined benefit scheme (7%) or a top hat scheme (8%). A small minority (3%) had started a scheme and then closed it again within the five years.

The type of new provision was related to organisation size in much the same way as it was for providers in general. New providers who contributed to personal pensions or provided group personal pensions were to be found most often among the smaller organisations. Some 47% of medium-sized new providers (those with 20 to 99 employees) had introduced a group personal pension, compared with 31% of new providers with very large workforces (500 or more employees). Similarly, 42% of medium-sized new providers had introduced contributions to personal pensions, compared with just 18% of very large organisations (Table 4.3). Defined benefit schemes, in contrast, were particularly common among very large new providers, with 59% having introduced such a scheme.

Table 4.3 Type of pension provision introduced by new providers, by size of organisation in Great Britain

<table>
<thead>
<tr>
<th>Type of provision</th>
<th>Under 20</th>
<th>20-99</th>
<th>100-499</th>
<th>500+</th>
<th>All with 20+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit scheme</td>
<td>1</td>
<td>3</td>
<td>(22)</td>
<td>59</td>
<td>7</td>
</tr>
<tr>
<td>Defined contribution</td>
<td>4</td>
<td>12</td>
<td>(15)</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Top hat</td>
<td>17</td>
<td>7</td>
<td>(12)</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Contribution to personal pensions</td>
<td>55</td>
<td>42</td>
<td>(35)</td>
<td>18</td>
<td>41</td>
</tr>
<tr>
<td>Group personal pensions</td>
<td>18</td>
<td>47</td>
<td>(21)</td>
<td>31</td>
<td>44</td>
</tr>
<tr>
<td>Closed scheme</td>
<td>8</td>
<td>2</td>
<td>(8)</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Weighted base</td>
<td>121</td>
<td>10</td>
<td>2</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>93</td>
<td>59</td>
<td>44</td>
<td>58</td>
<td>161</td>
</tr>
</tbody>
</table>

Base: organisations starting pension provision since 1991.

The great majority (88%) of new providers introduced a single scheme. However, as many as one in five (21%) of very large new providers introduced multiple provision, mostly this combined an occupational scheme with some type of personal pension arrangement. There were no apparent differences in the type of organisation, other than size, between new providers that introduced a single scheme and those that introduced multiple schemes.
Small organisations

As with larger new providers, small organisations who had recently introduced pension provision had largely done so via a group or personal pension arrangement. Among small new providers, contributions to employees' personal pensions were by far the most common type of provision to have been introduced (Table 4.3). Over one half (55%) of all small new providers had set up this type of arrangement. One fifth (18%) had set up a group personal pension. Occupational schemes had been set up by one third (34%), with the most common form of occupational provision being top hat schemes (17%). Very few small new providers (4%) had introduced more than one scheme or arrangement.

Additional provision among existing providers

Larger organisations

Around one in twenty larger organisations (6%) had added new pension arrangements to some existing provision since 1991. 3% of all larger organisations. Thus 8% of larger current providers had made additional arrangements in the last five years. Those making additional provision were slightly larger than providers in general: 38% of those with recent additional provision employed 100 or more people, whereas only 18% of all providers were of this size. Organisations that made additional provision were more likely to be in the finance sector than providers in general (57% compared with 41% of all larger providers) and were less likely to be engaged in manufacturing (13% compared with 28% of all larger providers).

Personal pensions were the most common type of additional provision and accounted for three quarters of all larger organisations that had added new pension arrangements to some existing provision since 1991. Three-fifths (60%) of organisations making additional provision had added arrangements whereby they made contributions to employees' personal pensions and one third (35%) had added group personal pensions. One quarter (26%) had added a defined contribution occupational scheme and one fifth (19%) had added a top hat scheme. The least common type of additional provision to be added to arrangements in place in 1991 was a defined benefit occupational scheme (9%).

Other notable features of additional provision were:

- 10% of providing organisations without an arrangement for contributing to personal pensions or group personal pensions in 1991 had begun contributing to personal pensions by 1996. A further 3% had set up a group personal pension arrangement.
- 2% of providing organisations without a defined contribution occupational pension scheme in 1991 had added one by 1996.
- less than 1% of providing organisations without a defined benefit occupational pension scheme in 1991 had added one by 1996.
- 1% of providing organisations without a top hat scheme in 1991 had added one by 1996.
One further type of additional provision concerned the addition of an underpin to an occupational pension scheme (see section 3.1 for further details). Of those larger organisations that operated a defined benefit scheme in 1996, 3% had added a money-purchase underpin since 1991. Of those that operated a defined contribution scheme in 1996, 7% had added a salary-related underpin within the same period. Providers that had added underpinnings were similar, in terms of their organisational characteristics, to the larger providers of occupational pensions in general.

Small organisations

Only 1% of all small organisations had added to their existing pension provision since 1991, amounting to 4% of all small providers. Most of the schemes that had been added were either personal pension schemes or arrangements or top hat schemes. However, the low number of cases that had added to existing provision precluded any detailed analysis of these organisations or their provision.

1% of small organisations (3% of all providers) had added an underpin to an occupational scheme since 1991. The majority had added a money-purchase underpin to a defined benefit scheme. Again, the low number of cases that had added to existing provision precluded any further analysis.

4.1.4 Changes in type of provision among existing providers

Larger organisations

Organisations that had changed the type of their pension provision or arrangement between 1991 and 1996 amounted to 5% of all larger organisations or 7% of larger providers in 1996. They tended to have workforces of substantial size, 42% of them employed 100 or more employees, compared with just 18% of all larger providers. They were also slightly more likely than providers in general to be engaged in construction (17%, compared with 5% of all larger providers), but otherwise had a similar industrial profile.

Of the 7% of larger providers who changed their provision, around half changed to a different type of scheme, around one quarter changed their occupational scheme to another one of the same type, and around one quarter changed their personal pension arrangement to another one of the same type. The single most common change in the type of provision was from a defined benefit scheme to group personal pensions, but such changes accounted for less than one third (30%) of all changers and less than 2% of providing organisations.

Of those organisations that operated a defined benefit scheme in 1991, around one in ten (7%) changed to a group personal pension arrangement and a similar proportion (5%) changed to a defined contribution scheme.
Of those that had a defined contribution scheme in 1991, only 3% changed to a group personal pension arrangement and less than 1% changed to a defined benefit scheme.

Small organisations

Overall, only 1% of small organisations had changed their type of pension provision since 1991, amounting to 2% of all small providers. The majority had closed an occupational scheme and changed to a personal pension scheme or arrangement, but the number of cases involved in changing their arrangements was too low to permit further or more detailed analysis.

4.1.5 Reductions in pension provision

Larger organisations

Very few larger organisations had closed pension schemes in the period 1991 to 1996 without replacing them in some way. Only 2% of all larger organisations, amounting to 3% of larger providers, had closed a scheme without replacement. Of these, the majority were still pension providers, either because they had other schemes which were admitting new members or because they were still contributing to the closed scheme. In the small minority of cases where an organisation had only frozen schemes (and therefore were not current providers), these schemes were all frozen defined benefits schemes.

Small organisations

Similarly, very few small organisations had closed pension schemes since 1991 without replacing them in some way. Only 1% of all small organisations (2% of all small providers) had done so.

4.1.6 Changes to the detail of existing pension provision

Larger organisations

In response to an open question on changes to their pension provision within the last five years, around one in eight larger providers (13%) reported having made a major change to their arrangements in this period. The most common was the equalisation of pension ages (mentioned by 4% of providers), followed by an improvement of benefits (3%). Very few (1% or less) spontaneously mentioned extending the coverage of the scheme, guaranteeing or indexing pension increases, or various other specific answers.

In the light of earlier legal judgements on the issue of unequal retirement ages in pension schemes, however, the survey included specific questions to assess the extent of moves by employers to equalise pension ages in their occupational pension schemes. The responses to these specific questions suggested that around one in six providers (16%) had equalised pension ages since 1991. These were generally larger organisations than those who still had occupational schemes with unequal pension ages. Some two-fifths of providers that had equalised their pension ages since 1991 had workforces of 100 or more, compared with only one fifth of those who still had schemes with unequal pension ages.
Among defined benefit schemes, 40% of schemes had been equalised since 1991, amounting to 55% of defined benefit schemes with equal pension ages in 1996. Among defined contribution schemes, 22% of schemes had been equalised since 1991, amounting to 33% of defined contribution schemes with equal pension ages in 1996.

Further information on the equalisation of pension ages is presented in Section 3.1.4.

Small organisations

Around one tenth (9%) of small providers reported having made a minor change to their pension arrangements since 1991. Half of these (4% of all small providers) had acted to improve the benefits from their scheme or arrangement, with no other specific type of change being mentioned by more than 1% of providers.

Analysis of specific questions concerning the equalisation of pension ages, however, showed that 4% of small providers had equalised pension ages in their scheme or arrangement since 1991. Pension ages had been equalised in around one tenth of all defined benefit schemes, accounting for approximately one fifth of all defined benefit schemes with equalised pension ages in 1996. The proportions were the same among defined contribution schemes.

4.2 Expected changes

All organisations were asked a number of questions about how they might change their arrangements in the future. The various types of change are dealt with separately below, looking first at the intentions of non-providers and then turning to those who already provide pensions.

4.2.1 The intentions of non-providers

Larger organisations

Non-providing organisations were asked if they had ever seriously considered providing some form of pension arrangement for employees. One quarter (23%) of those with 20 or more employees reported that they had. Among the very few large or very large organisations that were non-providers the proportion was higher.

Non-providers were also asked if they anticipated that pension provision would be introduced within the next five years. One in nine (11%) of non-providers responded positively, with the few larger non-providers being more likely to do so. Older organisations were slightly less likely to expect that pension provision would be introduced within the next five years, but nearly one quarter (23%) of non-providing organisations that had begun operating since 1990 expected to do so.
The organisation's rate of employment growth since it first operated in Britain was the characteristic most clearly related to whether or not it anticipated introducing pension provision. Two-fifths (40%) of those that had grown by at least 5 employees per year expected to introduce provision, compared with only one in ten (10%) of those that had grown more slowly.

Small organisations

One fifth (18%) of small non-providers reported that they had seriously considered starting to provide pensions. One tenth (10%) of all small non-providers said that they expected to do so within the next five years. This figure rose to one fifth (21%) among those organisations that had been set up since 1990 with older organisations being correspondingly less likely to expect that they would be introducing some form of pension provision.

4.2.2 Expected changes in the type of pension provision

Current pension providers were asked whether they had considered changing their existing pension arrangements and, if so, whether they anticipated a change occurring within the next five years. As the possible changes depended upon their current provision, the results are reported separately for the four main types of provision. The analysis concentrates on the proportion of providers that expected to change within five years.

Larger organisations

Almost one fifth (18%) of current providers of defined benefit schemes reported that they expected to move to a defined contribution scheme. This proportion did not vary significantly by size of organisation, but among organisations where part-time employees made up more than 30% of the workforce the proportion was higher at nearly one third (29%). By contrast, less than 1% of current providers of defined benefit schemes expected to change to a defined benefit scheme.

A minority of providers with occupational pension schemes alone expected to move to personal pension arrangements. One in seven organisations with only a current occupational scheme (15%) expected to move to providing group personal pensions. Only one in twenty (5%) expected to move to contributing to personal pensions.

Among those providers with no current group personal pension scheme, around one tenth (12%) expected to move to such a scheme within five years. This was particularly unlikely among organisations with substantial numbers of part-time employees.

Among those providers with no current scheme for contributing to personal pensions, only 7% expected to introduce such an arrangement within the next five years. The proportion was higher (18%) among organisations with 30% or more part-time employees.
Small organisations

Only 8% of small providers with defined benefit schemes expected to move to a defined contribution scheme within the next five years. Even fewer (3%) expected to move in the other direction, from a defined contribution scheme to one based on a defined benefit. Similarly, only 2% of providers without a group personal pension scheme expected to change to such a scheme within the next five years. Only 6% of those without an arrangement for contributing to employees’ personal pensions expected to introduce this type of provision.

Larger organisations

Current providers were also asked an open question about any changes they had considered making in their pension provision in the next two years. Among organisations with 20 or more employees, one in eight providers (13%) reported that they had considered a change that would amend the detail of their existing provision. Most commonly mentioned were improvements in benefits (4%). A variety of other specific minor changes were mentioned by 1% or less of providers: the appointment of member-nominated trustees, contracting in or out of SERPS, making the scheme contributory, equalising pension ages, indexing pensions in payment. Many others spontaneously mentioned changes that were either too vague or too rare to classify and analyse separately.

Small organisations

Around one tenth (11%) of small providers reported that they had considered making changes to the detail of their provision within the next two years. The only specific change that was not either too vague or too rare to classify was an improvement of benefits, mentioned by 7% of all small providers.
APPENDIX A  TECHNICAL REPORT

A1 Introduction  The 1996 Survey of Employers’ Pension Provision was commissioned by the Department of Social Security to gather quantitative information on the extent and nature of pension provision in employing organisations in Great Britain Its broad aim was to provide an up to date picture of pension provision and non-provision partly as a background for general policy work but also to feed into evaluation of the pension reforms introduced in the Pensions Act, 1995 The Act was due to come into effect in April 1997, so the survey provided a baseline on the position shortly before the Act. The survey also provided an opportunity to assess whether employers were making changes in provision as an advance reaction to the reforms.

In the design of the study, considerable use was made of experience gained in conducting the survey reported in 'Employers' Pension Provision 1994 (Casey et al, 1996) This experience informed the sample design, the development of the questionnaire and aspects of the data preparation.

The survey fieldwork was conducted over the period from the middle of October 1996 to the beginning of February 1997, although 95% of the productive interviews had been completed by 20 December 1996.

A2 Survey design  The main requirement was that the survey should provide estimates of pension provision which were representative of private sector employment in Britain in 1996. The sample size was increased, compared with the survey in 1994, to provide sufficient cases for analysis of less common arrangements. In addition, the sample design placed greater emphasis on large organisations to meet the requirement that the survey should provide estimates of the coverage of pension schemes.

The questionnaire was designed to allow for the possibility of an organisation having a considerable number of occupational pension schemes and group personal pension or personal pension arrangements, although only the largest 3 of each were covered in detail.

The questionnaire was implemented as a Computer Assisted Telephone Interview (CATI), using the Blaise system. The same questionnaire was used with organisations which had pension provision and those without. The questionnaire is shown at Appendix B, in a slightly simplified version. This is based on the modified version of the program used in coding and editing the data file, which includes open coding frames. Appendix C describes the checks built into the interview program.

As in the 1994 survey, a paper 'data sheet' was sent to respondents prior to the interview (Appendix C). This was intended to enable them to make reference to documents or specialists in answering key questions on the nature of pension arrangements and the number of employees covered by each scheme or type of provision. This data sheet was despatched with a copy of a letter from the Department of Social Security (Appendix C).
The questionnaire was divided into the following sections:

A. About the organisation and the respondent
B. Selection of schemes and arrangements, including questions for non-providers
C. Occupational schemes, categorised as defined-benefit schemes, defined contribution schemes, top hat schemes and closed/frozen schemes
D. Personal pension provision, covering group personal pensions and personal pensions to which the employer contributes
E. Questions about changes recently made and planned

The implementation of the questionnaire in CAPI allowed for sections B and C to be repeated. In practice, to limit the amount of detail to be asked, only the first (i.e. largest in terms of the number of active members) three schemes within each section were covered in full. For any subsequent repeats of these sections, a reduced set of questions was asked, designed to provide basic details for classification of the type of provision and information on the coverage of the workforce. In this way, the questionnaire was designed to accommodate even the most complicated combinations of pension provision.

A particular difference in the treatment of schemes, compared with 1994, was the separate attention given to each 'top-hat' and each closed or 'frozen' occupational scheme. In 1996, these schemes each qualified for a separate iteration of the questions in Section C. In 1994, the questionnaire had one section to cover each of these types of provision, although the wording of the questions implied a single scheme of each type, in practice it was found that these sections occasionally had to accommodate a number of schemes within a single organisation.

A pilot survey was conducted in September 1996. Forty interviews were conducted.

A.3 Sample design

As in the 1994 survey, the sample was obtained from the Dun and Bradstreet Head Office database. This provided the most direct method of sampling organisations, albeit that it has deficiencies in the information on the size of the workforce, in the inclusion of some public sector organisations and in containing a degree of duplication. The organisations in the Dun and Bradstreet database may be legal entities ('companies') which are part of broader organisations, we emphasised in the initial contact process that the interview had to cover the whole organisation. Subsidiary companies were coded as duplicate cases.

The sample was drawn by applying a sampling probability specific to each size band, resulting in the issued sample as shown in Table A.1.
Table A.1 Sample size by size of company (employees in Great Britain)

<table>
<thead>
<tr>
<th>Size of company</th>
<th>Population</th>
<th>Issued</th>
<th>In-scope</th>
<th>Achieved</th>
<th>Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not known</td>
<td>57,490</td>
<td>300</td>
<td>238</td>
<td>173</td>
<td>0</td>
</tr>
<tr>
<td>1-9 employees</td>
<td>22,912</td>
<td>521</td>
<td>475</td>
<td>368</td>
<td>511</td>
</tr>
<tr>
<td>10-19</td>
<td>64,229</td>
<td>200</td>
<td>186</td>
<td>149</td>
<td>159</td>
</tr>
<tr>
<td>20-49</td>
<td>51,179</td>
<td>231</td>
<td>226</td>
<td>173</td>
<td>182</td>
</tr>
<tr>
<td>50-99</td>
<td>19,360</td>
<td>150</td>
<td>146</td>
<td>109</td>
<td>135</td>
</tr>
<tr>
<td>100-199</td>
<td>10,853</td>
<td>141</td>
<td>133</td>
<td>89</td>
<td>97</td>
</tr>
<tr>
<td>200-499</td>
<td>7,344</td>
<td>206</td>
<td>184</td>
<td>131</td>
<td>152</td>
</tr>
<tr>
<td>500-999</td>
<td>2,837</td>
<td>171</td>
<td>156</td>
<td>101</td>
<td>120</td>
</tr>
<tr>
<td>1000-4999</td>
<td>2,566</td>
<td>475</td>
<td>386</td>
<td>258</td>
<td>302</td>
</tr>
<tr>
<td>5000-9999</td>
<td>3,500</td>
<td>204</td>
<td>158</td>
<td>101</td>
<td>80</td>
</tr>
<tr>
<td>10000-14999</td>
<td>132</td>
<td>139</td>
<td>98</td>
<td>64</td>
<td>44</td>
</tr>
<tr>
<td>15000-24999</td>
<td>122</td>
<td>121</td>
<td>81</td>
<td>51</td>
<td>28</td>
</tr>
<tr>
<td>25000+</td>
<td>147</td>
<td>146</td>
<td>104</td>
<td>72</td>
<td>42</td>
</tr>
<tr>
<td>Total</td>
<td>44,195</td>
<td>3,005</td>
<td>2,571</td>
<td>1,859</td>
<td>1,859</td>
</tr>
</tbody>
</table>

The overall effect of ascertaining the organisation’s British workforce in the interview was a reduction in the size of the organisation as defined for the purposes of the analysis, for many sampled units and for the sample as a whole.

4.3.1 Incidence of pension scheme arrangements

Among the 1,859 organisations in which interviews were conducted, 1,342 reported pension schemes or arrangements. Of these, 931 had a single scheme or type of provision, while 235 made more than one type of provision. There were 469 non-providers.

The organisations reporting pension schemes or arrangements had a total of 1,789 occupational schemes, 344 group personal pension arrangements, and 382 of them made employer contributions to individuals’ personal pension arrangements.

4.3.2 Interview length

The intention at the outset was that the interviews would last no more than 15 minutes, and this was the overall average length. There are some technical difficulties with the recording of interview length so the following averages exclude unreasonably short and unreasonably long recorded lengths, representing 88% of the productive interviews. Among 469 non-providers (28%) the interview averaged 9 minutes. Those with a single type of provision, 931 cases (57%), needed an average of 17 minutes. The 235 with multiple provision needed an average of 26 minutes.

4.4 Response rate

The original sample was 3,005 organisations. The first stage of contact was a telephone call to the head office of the organisation to identify the name of

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21 These difficulties arise in various ways. The time is recorded at the start and end of the interview from the computer’s system clock. However, some interviewers do not always close the questionnaire when they stop interviewing and in other cases different sections may be completed on different days.
the appropriate person to act as respondent. These contacts or attempted
contacts eliminated a larger part of the sample than had been expected for
the following reasons

- not private sector 114
- same organisation 156
- not contacted 92
- other ineligible 9

The remainder of this discussion is limited to the 2,571 cases remaining in
the sample after initial contacts with the organisations, which can be considered
as the 'main survey'. This includes 28 cases where it appeared from the
initial attempt at contact that the organisation was likely to have ceased trading,
in case further inquiries showed this to be incorrect.

In the main survey, a further 178 cases were identified of addresses within
the same organisation and 18 where the organisation had ceased operation
or could not be traced through the address details previously obtained. There
were 39 cases of other reasons for ineligibility. These factors reduced the in-
scope sample to 2,356. It should be noted that the organisations sampled
more than once tended to be in the larger size bands, where the sampling
fraction was high. Those which could not be traced or were presumed to
have ceased operations tended to be in the smallest size bands.

The 1,827 full interviews and 32 partial interviews represent a response rate
of 79.6% of the in-scope sample. Partial interviews occurred typically where
a respondent refused to complete the final part of the interview, due to
having an appointment; however, details of pension provision had to have
been collected for the interview to be counted as productive. The sample
had been divided into four batches, to ensure an appropriate length of time
between the despatch of the advance letter and data sheet and the follow-up
call to arrange an appointment. The first two sample batches had a higher
response (81%) rate than the latter two (77%) reflecting the advantage of
allowing a long period for data collection with employers.

The most important reason for non-response at the main survey stage was
personal refusal by 204 respondents and a refusal on behalf of the selected
respondent by a further 107 organisations. A further 72 organisations
contacted Social Community and Planning Research (SCPR, now the
National Centre for Social Research) or the DSS to decline to take further
part in the study usually on receipt of the advance letter and data sheet. It
should be recalled that the initial contact had usually not involved the
interviewer speaking to the person identified as the selected respondent, and
hence a 16% level of refusal does not appear surprising. Other reasons for
unproductive outcomes at this stage represented only 4% of the in-scope
sample.

The pattern of refusal to be interviewed is not related in any direct manner
to the size of the company/organisation.
A 5. Data preparation and data file

The CATI questionnaire incorporated a number of checks on the data being entered by interviewers. This was designed to alert the interviewer to possible keying errors and implausible answers. In practice, considerable post-interview effort involved coding staff examining comments entered by interviewers to explain inconsistencies between their scheme and the way the data structure was organised. A typical example concerned the contribution rates for scheme members, where the question divided schemes into schemes with fixed rates and variable rates. In the latter case, respondents were asked for the minimum, maximum and the average. In the more numerous case of a fixed rate, only one data item was provided. However, a considerable proportion of schemes had rates which were fixed at different levels for different groups of members. Often these differences were a result of mergers between organisations or their schemes, where different groups had been treated differently in the past. In such cases, the interviewer entered a 'note' in the computer, linked automatically to the question to which it applied, giving the additional information about the levels of fixed rates, and explaining the groups to which they applied.

Coding staff also checked verbatim answers entered by interviewers at open and 'other - specify' questions. Code frames were prepared (Appendix D), while the residual cases where the answer could not be coded were listed as part of the data set.

In handing over the data set to PSI SCPR edited the open question text and other comments entered by interviewers, removing references to the names of individuals and organisations, to maintain the anonymity of the data file.

A 6. Weighting

The sample for the 1996 EPP Survey was drawn by applying selection probabilities that varied according to organisation size (see Section A3). This necessarily resulted in a sample with an under-representation of small organisations and an over-representation of large organisations. The aim of weighting is to compensate for differences in the probability of selection of each organisation to ensure that the survey estimates are representative of the population of private sector organisations in Britain (and thus private sector employment).

Normally this would simply involve the application of a weighting factor equal to the inverse of the probability of selection for each case. However, in the course of conducting a similar study of employers and pensions\(^{25}\) for the Department of Social Security in 1998, it was found that the composition of the Dun and Bradstreet database had changed appreciably since drawing the sample for the 1996 survey. In particular, small organisations were found to be much more prevalent on the database\(^{26}\). This led to a comparison being made with the Inter-Departmental Business Register (IDBR).


\[^{26}\text{We understand this is due to the incorporation of data relating to additional, mainly small, enterprises derived from the Thomson Directories database}\]
maintained by the Office for National Statistics. The Dun and Bradstreet register is designed to concentrate on organisations that carry out a certain degree of trade and it therefore does not provide a comprehensive coverage of the population of small organisations. Our comparisons showed that the IDBR provided a better representation of the population of private sector organisations. It was also felt that IDBR could be expected to provide a more stable basis for estimating the structure of private sector employment in the future. Hence, it was decided that the IDBR should become the basis for relating the survey results to the totality of private sector employment. This would involve weighting the 1996 survey sample to reflect the population of private sector organisations in 1996 as portrayed by the IDBR.

The weighting calculations involved mapping the sample of organisations with which interviews were achieved on to the IDBR matrix of enterprise size (i.e. number of employees in Britain) by 1992 Standard Industry Classification (SIC). The main effect was to increase the representation of small organisations with less than 10 employees in the weighted survey sample, when compared with the original weighting scheme. The estimated prevalence of pension provision among private sector organisations fell as a result.

Weighting was conducted using a rim weighting method, where the data in the cells of the matrix are scaled up or down to produce a close match to the marginal totals. In other words, the distribution on each of the dimensions of industry and sector was given priority over the distribution within any one row or column of the matrix. However, the ratio of the weights within a given size band was constrained to a maximum of nine.

When the 'organisation' weight is applied to all of the interviewed organisations, the weighted total approximates the number of private sector organisations in Britain according to the IDBR. In other words, it is a grossed up total. However, a scale factor was applied to make the weighted base approximately equal to the number of interviews achieved since this provides a better sense of the robustness of the data.

A further basis for analysis is where it is intended to represent the combined workforce in private sector organisations. The weight in this situation is the 'organisation weight' multiplied by the number of employees in the organisation in Britain, as recorded by the survey. This weight is referred to as the 'employee' weight.
Computer-assisted interviewing was exploited in various ways to make the interview easy to conduct for the interviewer, and to ensure the quality of the data. At the same time, some effort had to be devoted to ensuring that data would not be lost if a respondent changed his or her mind about the identification of pension schemes, which occurred from time to time.

At the beginning of the questionnaire, section B asks for key details of the number of occupational schemes, the number of group personal pension schemes, and whether the organisation contributes to the personal pensions of employees. Where any such provision is made, the program entered a routine which repeated the relevant module as many times as there were schemes or types of provision.
Questionnaire 1996 Employers and Pension Provision Survey

Serial  Serial Number
Range 1 9997

OccOrd Problem in size ordering of occupational schemes?
1 Yes "Yes"
2 No "No"

GrpOrd Problem in size ordering of group schemes?
1 Yes "Yes"
2 No "No"

DsnPI SECTION A. ABOUT THE ORGANISATION
The first questions are referred to on your data sheet
(Enter 1 to Continue).

NumEmpee How many employees work in your organisation in England, Wales and
Scotland (that is your @whole@ organisation, not just your present
location)? (INTERVIEWER, EXPLAIN IF NECESSARY: By employee
we mean someone with a contract of employment, including
outworkers, but excluding any employees of other organisations
working at your premises.) @Idab sheet Q 1@1
Range 1 500000

Ful1Num How many of the employees are employed full-time, that is working 30
hours per week or more? @Idata sheet Q 2@1
Range 0 500000

PartTime How many of the employees are employed part-time? - HIDDEN TO
INTERVIEWER AND DERIVED FROM NumEmpp - FullNum
Range 0 500000

Fem1Num And how many employees are female? @Idata sheet Q 3@1
Range 0 500000

MaleNum Number of male employees (DERIVED AND HIDDEN TO THE
INTERVIEWER)
Range 0 500000

YearCom In what year did this organisation commence its operations in Britain?
INTERVIEWER NOTE Take @earliest@ organisation if mergers etc.
@ Interviewer. Enter Pre-1901 as 0
Range 0 96

SIC92 What is the nature of the main business carried out by this
organisation? PROBE FULLY
Text Maximum 120 characters
IF (Edit="Yes") THEN

SIC92Cd1 SIC code 1 - HIDDEN FOR INTERVIEWER
Range 1 99

SIC92Cd2 SIC code 2 - HIDDEN FOR INTERVIEWER
Range 1 99

SIC92Cd3 SIC code 3 - HIDDEN FOR INTERVIEWER
Range 1 99
IF (Edit <>"Yes") THEN

ExtRef INTERVIEWER. If you have been referred to an external organisation,
check to see if the current respondent is prepared to try and answer
section B onwards. If not, stop the interview and contact the external
organisation to proceed with the interview
(Enter 1 to Continue).
Section B - Occupational Pension Arrangements

Disn2  SECTION B SELECTION OF SCHEMES
READ OUT Now I would like to ask about any pension provision which
your organisation makes for its employees, including senior managers
and directors. Please include all arrangements by which employees are
building up a pension entitlement based on their employment, whether
or not the company contributes
Please also include closed and/or frozen schemes
(Enter 1 to continue).

OccSchme Has your organisation set up or arranged an occupational pension
scheme for any employees? That is, apart from any personal pensions or
group personal pension arrangements to which the organisation may
or may not contribute. @Data sheet Q 4-1
1 Yes 'Yes'
2 No 'No'
IF (OccSchme = Yes) THEN

TopHat Were any of these schemes established specifically for senior managers
or directors? Such schemes are commonly known as top hat schemes
1 Yes 'Yes'
2 No 'No'

NoNewOcc Does your organisation have any closed and/or frozen occupational
pension schemes? @Data sheet definition for Q 4@1
1 Yes 'Yes'
2 No 'No'

NumOccs Summing up what we have said so far, how many occupational pension
schemes are there in total?
Range 1 25

Section B - Personal Pension Arrangements

Disn2b The next few questions ask about personal pensions and group
personal pensions. Personal pensions are a private form of pension
arrangement between an individual employee and an insurance
company, building society or bank. Group personal pensions are
personal pension plans that an employer has organised with an
insurance company, building society or bank for a group of employees
Employers may make contributions to their employees' personal
pension plans

HasApp Does your organisation contribute to the personal pension plans of any
employees? That is, personal pensions @not@ i under a group personal
pension arrangement@ Data sheet Q 15@1
1 Yes 'Yes'
2 No 'No'

HasGpp (Apart from any contributions to employees' own personal pensions)
has your organisation set up or arranged a group personal pension plan
for any employees? @Data sheet Q 17@1
1 Yes 'Yes'
2 No 'No'
IF (HasGpp = Yes) THEN

GPPPlans Do your organisation's group personal pensions involve READ
OUT
1 OnePlan "a single plan with an insurance company, bank or building society"
2 SevPlans "or more than one plan?"
IF (GPPPlans = SevPlans) THEN
NumPlans  How many plans are there?
  Range 2 1 0
  IF (OccSche = No) AND (HasAPP = No) AND (HasGPP = No) THEN
  ChkProv  Can I check, some organisations have pension provision which is
  restricted to the most senior directors or to employees at a particular
  location or a subsidiary company. Are you sure there is no pension
  provision of any kind for any employees of your organisation in Great
  Britain, including closed and/or frozen schemes?
  1 Yes "Yes"
  2 No  No, not sure (Please ask respondent to check and agree new appointment)"
  IF (ChkProv = Yes) THEN
  WhyNoPen  What would you say is the main reason why your organisation does not
  contribute to employees’ pensions? PROBE FULLY
  Text: Maximum 140 characters
  IF (Edit="Yes") THEN
  WNPCode  Code Why No Pen
  Multicoded number of allowed choices 5
  1 c01  “Organisation is too small”
  2 c02  Organisation has only just recently been established/organisation is too
  new”
  3 c03  “Too costly to provide pensions”
  4 c04  Cannot afford to provide pensions (at the moment)
  5 c05  “Pensions are too complicated/too much administration or legislation
  involved”
  6 c06  “Staff dont want pensions/staff have never asked for a pension scheme.”
  7 c07  “Workforce is predominantly part-time or temporary/mainly part-time or
  temporary staff”
  8 c08  “Staff turnover is too high/employees don’t tend to stay long enough to
  make it worthwhile to provide pensions”
  9 c09  “It is the responsibility of employers not the employer”
  10 c10  “It is not company policy to provide pensions”
  11 c11  Only a one person organisation or family business (i.e. no employees)
  12 c12  “Other answers please”
  IF (ChkProv = No) THEN
  IF (Edit>"Yes") THEN
  MakeAnp  INTERVIEWER: Before proceeding ask the respondent to check the
  details or ask for the name, job title, and telephone number of some
  one better placed to answer the questions - IF NECESSARY MAKE AN
  APPOINTMENT TO SPEAK TO THIS NEW CONTACT
  (Press any key to continue)
  Disp3  SECTION C. OCCUPATIONAL SCHEMES READ OUT
  The next series of questions is about your organisation’s occupational
  pension schemes. Please answer the questions firstly about the largest
  scheme in terms of the number of current active members, and then
  the second largest
  (Enter 1 to Continue)
  OcName  What is the scheme called?
  Text: Maximum 60 characters
  SCeck  INTERVIEWER: Is this occupational scheme
  1 Valid "Valid"
  2 Void "Invalid"
  3 DK or no information available at all for @this@ scheme?
  IF (SCheck = Void) THEN
**WhyYd**

INTERVIEWER: Please state why this scheme is now void
Text Maximum 80 characters

**OccYr**

When was the scheme established?
Interviewer: Enter Pre-1901 as 0 @@Data sheet Q 5@1
Range 0 96

**NewMem**

Can I check, is the scheme currently open to new members?
1 Yes
2 No “No”
IF (NewMem = No) THEN

**HowCld**

Is this scheme READ OUT (Interviewer note contributions by employee or employer)
1 SelfCon “one into which any contributions are still being paid”
2 HolCon “one into which no contributions are paid at present but might be in the future”
3 NoCon “of a scheme into which no further contributions are being paid now or at any time in the future”
IF (NewMem = No) AND (CutDown = “No”) THEN

**YrClos**

When did you close this scheme to new members?
1 UpTo90 “YEAR UP TO END OF 1990”
2 Yr1991 “1991”
3 Yr1992 “1992”
4 Yr1993 “1993”
5 Yr1994 “1994”
6 Yr1995 “1995”
7 Yr1996 “1996”
8 YrFive “DK exactly but within 5 years”
IF (YrClos IN [Yr1991 Yr1996]) OR (YrClos = YrFive) THEN

**WhyClo**

Why was the scheme closed to new members? PROBE FULLY
Text Maximum 120 characters
IF (Edic = Yes) THEN

**WhCld**

Code WhyClo
Multicoded number of allowed choices 5
1 c01 “The scheme was too expensive to run/too costly”
2 c02 “Too much administration involved in running scheme”
3 c03 “Not enough money in scheme/not enough money in scheme to meet liabilities”
4 c04 “Change of ownership of organisation led to scheme closure or scheme being wound up/organisation merged or was taken over and scheme was closed or wound up” 5 c05 “Change of ownership of organisation led to scheme merger/organisation merged or was taken over and scheme merged with other organisations pension scheme” 6 c06 “Change of ownership of organisation but no details about pension scheme(s)” 7 c07 “Wanted to switch to group personal pension arrangement or personal pension arrangement”
8 c08 “Wanted to switch to defined contribution (money purchase) scheme”
9 c09 “Wanted to switch to defined benefit (final salary) scheme”
10 c10 “Set up new or other scheme and no other details”
11 c11 “Wanted to provide more generous pensions/better terms”
12 c12 “Previous scheme was not attractive/inefficient/less terms”
13 c13 “Wanted to provide employees with a greater ability to transfer their pensions”
14 c14 “Wanted to operate the scheme on a different basis”
15 c15 “Wanted to make administration easier/less of a burden”
"Pass/recent changes in pensions legislation"

"Anticipated/expected future changes in pension legislation"

"Pass/recent changes in tax arrangements"

"Anticipated/expected future changes in tax arrangements"

"Company is in financial difficulty/company unable to sustain scheme"

"No one wanted to join"

"Expansion of the workforce"

"Reduction in the workforce"

"Staff turnover/staff don't stay longer enough"

"Other answers n e s"

IF (OccYr IN [91, 96]) AND (NewMem = Yes) AND (CutDown = 'No') THEN

RepSch Did it replace, or add to, an earlier scheme?

1 Yes
2 No

"NO"

IF (RepSch = Yes) THEN

Change Did it READ OUT

Multicoded, number of allowed choices 4
1 Terms "substantially change terms,"
2 Cover "cover new groups of employees,"
3 Basis "change the basis on which benefits are accrued"
10 Other "or make some other major change (SPECIFY)"

IF (OTHER IN Change) THEN

IF (Edic = "Yes") THEN

ChOthC CODE ChOthr

1 Terms "substantially change terms,"
2 Cover "cover new groups of employees,"
3 Basis "change the basis on which benefits are accrued"
4 c04 "replaced similar scheme/replaced scheme similar to the scheme recently set up"

10 Other Other - could not re-code"

ChOthr Please Specify PROBE FULLY

Text: Maximum 120 characters

IF (BASIS IN Change) THEN

TypRep What type of scheme was replaced?

1 DC "Money purchase/Defined contribution"
2 DB "Salary-related/Defined benefit"
3 HYBRID "A scheme where benefits are calculated using both methods (a Hybrid scheme)"

10 OTHER "Other type"

IF (TypRep = Other) THEN

TypOth What was this other type? PROBE FULLY

Text: Maximum 100 characters

SchMem Now concerning scheme membership. How many current employees, including senior managers and directors, are active members of the scheme? @IData sheet Q 6@1

Range 0 100000

IF (SchMem = RESPONSE) AND (SchMem <> 0) THEN

MemFul Of these, how many are full-time employees ?

Range 0 100000

NumPrt And how many of these work part-time (that is employees working less than 30 hours per week) DERIVED FROM MEMFUL

Range 0 100000
NumWmn  How many active members are Women?
       Range 0 100000

NumMen  How many active members are Men?
       Range 0 100000

DefPen  How many deferred pensioners are there in the scheme?
INTERVIEWER NOTE Deferred pensioners (or deferred members) are people who were members of an occupational pension scheme and who have now left it, usually because they have joined a new employer. Contributions are no longer being made into the scheme either by the member or the employer. The rights are frozen or retained in the scheme until they are drawn as a pension or transferred to a new pension scheme. @IData sheet Q.7@I
       Range 0 1 00000

IF (DefPen = RESPONSE) AND (DefPen > 0) THEN

DefPWM  How many of these deferred pensioners are WOMEN?
       Range 0 100000

DefPMn  And how many of these deferred pensioners are MEN?
       Range 0 1 00000

CurPen  How many current pensioners are there in the scheme?
       (That is, pensions in payment)
INCLUDE BENEFITS PAID TO SURVIVORS (e.g. WIDOW(ER)S AND DEPENDANTS) INTERVIEWER NOTE Current pensioners are people who are currently receiving a pension. @IData sheet Q.8@I
       Range 0 1 00000

IF (CurPen = RESPONSE) AND (CurPen > 0) THEN

CurPWM  How many of these current pensioners are WOMEN?
       Range 0 100000

CurPMn  And how many of these current pensioners are MEN?
       Range 0 1 00000

IF (NewMem = Yes) THEN

SchOpn  Who is the scheme for? That is, which types of employees including senior managers and directors can join the scheme?
INTERVIEWER NOTE Code in priority order, 1 is highest
1 AllEmp  All employees in organisation,
2 SenMan  “Senior management only,”
3 WhoCol  White collar /staff employees only,
4 BluCol  “Blue collar / works employees only,”
5 AllSub  “All employees in particular subsidiaries of the organisation,”
6 Onlinw  “Only those invited to join”
10 Other  “Some other group of employees” (SPECIFY)
11 c11  “All in particular business group/ activity (e.g. employees in our insurance firms)”
12 c12  “Hourly or weekly paid employees (not white collar staff)”
13 c13  “All employees under a certain age”
14 c14  “All employees over a certain age”
15 c15  “All employees up to senior management level/all employees except for senior managers or directors”

IF (SchOpn = Other) THEN

SchWho  Please specify:
       Text. Maximum 100 characters

Truste  Now regarding trustees. How many trustees does the scheme have?
INTERVIEWER NOTE A corporate trustee is an outside company
which has been given the job of administering the scheme in accordance with scheme deeds and rules. A scheme with a corporate trustee cannot have any other type of trustee.

NOTE: Where there are Corporate trustee(s), type in 95@1 @IData sheet Q 9@1

Range 0 95 IF (Truste IN {1 50}) THEN

**TruC**r

How many are members of the scheme? @IData sheet Q 10@1

Range 0 50

IF (SchOpn <> SenMan) THEN

**TruApp**

And how many trustees, if any, are nominated by members of the scheme?

Range 0 50

**SERPS**

Is the scheme READ OUT

1. ConOut "contracted out of SERPS (State Earnings Related Pension Scheme)"

2. Conin "or not contracted out ("contracted in")"

3. Part "(Part contracted-in, part contracted-out)"

**SchTyp**

And is the scheme READ OUT

1. SalRe "a salary-related scheme;"

2. MonPur "a money purchase scheme;"

3. Both "or a scheme where benefits are calculated using both methods;"

4. c04 "Industry schemes (e.g. the electricity industry pension scheme)"

5. c05 "Years of service or years in scheme (i.e. comments relating to years in pension scheme)"

10. Other "Other (SPECIFY) (e.g. the construction industry scheme)"

IF (SchTyp = Other) THEN

**SchOth**

Please Specify PROBE FULLY

Text: Maximum 60 characters

IF (SchTyp IN {Both Other}) THEN

**BenBas**

In the last 5 years, have benefits been calculated generally READ OUT

1. SRBas "on a salary-related basis;"

2. MPBas "on a money purchase basis;"

**UndPin**

Is there a (money purchase/salary-related) underpin?

INTERVIEWER NOTE: That is a scheme where valuation is calculated using both methods and a pension paid on the higher valuation

1. Yes "yes;"

2. No "No;"

IF (UndPin = Yes) THEN 7

**YrPin**

When was the possibility of a (money purchase/salary-related) underpin introduced? Interviewer: Enter Pre-1901 as 0 if within the last 5 years, but can't say exactly when, enter 97

Range 0 97

IF NOT(HowCld IN [NoCont;HolCont]) THEN

**ContRB**

Is the scheme READ OUT

INTERVIEWER NOTE: BY CONTRIBUTORY WE MEAN THAT MEMBERS PAY CONTRIBUTIONS INTO THE SCHEME, OTHER THAN FOR ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs) OR OPTIONAL BENEFITS

1. Cont "contributory that is do its members pay contributions;"

2. NonCon "or is the scheme noncontributory;"

IF ((SchTyp = SalRe) OR (BenBas = SrBas)) AND (Conrb = Cont) THEN
DBBase  Is the basis of employees' contributions  READ OUT
1  Fixed 'a fixed percentage of pay (or pensionable pay) which is the same
   for all members,'
2  Varies 'a percentage of pay (or pensionable pay) which varies between
different categories of employees (e.g. by job, salary)
3  Flat' or a flat rate payment?
10  Other' Other (SPECIFY)
IF (DBBase = Other) THEN

DBB0th  Please specify  PROBE FULLY
Text, Maximum 80 characters
IF (DBBase = Other) OR (DBBase = Varies) OR
((SchTyp = MonPur) OR (BenBas = MPBas)) AND (Contrb=Cont)) THEN

ConMin  Now I would like to ask some more questions about scheme members' contributions as a percentage of pay (or pensionable pay) What is the minimum rate at which scheme members contribute?
@INTERVIEWER: IF RESPONDENT WISHES TO PROVIDE AN AMOUNT IN % ENTER 100 AND THEN ENTER THE AMOUNT
ENTER 200 if a fixed rate, no difference between min and max rates
@IData sheet Q 11@1
Range 0 200

ConMax  What is the maximum rate at which scheme members contribute?
@INTERVIEWER: IF RESPONDENT WISHES TO PROVIDE AN AMOUNT IN % ENTER 100 AND THEN ENTER THE AMOUNT
@IData sheet Q 11@1
Range 0 100
IF (ConMin <= 200) THEN

ConAve  And what is the average rate at which scheme members contribute (since the scheme was established/over the last 3 years)?
INTERVIEWER: IF RESPONDENT WISHES TO PROVIDE AN AMOUNT IN % ENTER 100 AND THEN ENTER THE AMOUNT
@IData sheet Q 11@1
Range 0 100
IF (DBBase = Fixed) THEN

ConFix  What is the scheme members' contribution as a percentage of earnings (the contribution rate)?
INTERVIEWER: IF RESPONDENT WISHES TO PROVIDE AN AMOUNT IN % ENTER 100 AND THEN ENTER THE AMOUNT
@IData sheet Q 11@1
Range 0 100
IF (DBBase = Flat) THEN

FitMon  Flat rate per calendar month - DERIVED
Range 1 5000

FitRte  What is the scheme member's contribution as a flat rate payment?
(INTERVIEWER NOTE IF VARIES, ASK: What is the flat rate among the main groups of members?) @IData sheet Q,11@1
Range 1 1000000

FRConf  INTERVIEWER PLEASE CONFIRM DOES THIS FLAT RATE VARY?
1  Yes  'Yes'
2  No  'No'
IF (FitRte = RESPONSE) THEN

FitPer  What period does this payment cover?
1  PerWk  'Per week'
2  Per4Wk  'Per 4 weeks'
3 PerMon "Per calendar month"
4 PerYr "Per year"
10 OthPer "Other (SPECIFY)"
If (FltOth = OthPer) THEN

FltOth Please specify period. PROBE FULLY
Text Maximum 40 characters
If (HowCid = NoConts) THEN
If (SchTyp = SrRe) OR (BenBas = SrBas) THEN

LstCon May I just check, in the last financial year did the organisation
READ OUT
1 Normal "contribute at its normal rate to the scheme"
2 Reduce "reduce the amount contributed"
3 Hols "or did the organisation have a contributions holiday"
If (LstCon = Normal) THEN

Rte What was the organisation's contribution rate in the last financial year
as a percentage of the payroll costs of an active member
INTERVIEWER: IF No fixed rate/it varied enter 100 IF RESPONDENT
WISHES TO PROVIDE AN AMOUNT IN oes ENTER 100 AND THEN
ENTER THE AMOUNT @IData sheet Q.12@1
Range 0 200
If (Rte = 100) THEN

DerAmt Amount per calendar month - DERIVED
Range 0 500000

Amount Enter the amount to the nearest one
Range 1 500000
If (Amount = RESPONSE) THEN

Period What period does this payment cover?
1 PerWk "Per week"
2 Per4Wk "Per 4 weeks"
3 PerMon "Per calendar month"
4 PerYr "Per year"
10 OthPer "Other (SPECIFY)"
If (Period = OthPer) THEN

PerOth Please specify period
PROBE FULLY
Text Maximum 40 characters
If (Rte = 200) THEN

Min What is the @minimum@ rate at which the organisation contributes
to the scheme as a percentage of the payroll costs of an active
member? IF RESPONDENT WISHES TO PROVIDE AN AMOUNT IN
oes ENTER 100 AND THEN ENTER THE AMOUNT @IData sheet
Q.12@1
Range 0 100
If (Min = 100) THEN

Max What is the @maximum@ rate at which the organisation contributes
to the scheme as a percentage of the payroll costs of an active
member? INTERVIEWER: IF RESPONDENT WISHES TO PROVIDE
AN AMOUNT IN oes ENTER 100 AND THEN ENTER THE AMOUNT
@IData sheet Q 12@1
Range 0 100
If (Max = 100) THEN

Ave And what is the @average@ rate your organisation has contributed to
the scheme since the scheme was established/over the last 3 years as a
percentage of the payroll costs of an active member?
INTERVIEWER IF RESPONDENT WISHES TO PROVIDE AN AMOUNT IN £s ENTER 100 AND THEN ENTER THE AMOUNT
@1Data sheet Q 12@1
Range 0 100
IF (Ave = 100) THEN
IF (LstCon IN [Reduce; Hold]) THEN

HolRte What would be the organisation's normal contribution rate as a percentage of the payroll costs of an active member? INTERVIEWER.
IF RESPONDENT WISHES TO PROVIDE AN AMOUNT IN £s ENTER 100 AND THEN ENTER THE AMOUNT @1Data sheet Q 12@1
Range 0 100
IF (HolRte = 100) THEN
IF (SchTyp = MonPur) OR (BenBas = MPBas) THEN

PenAgm The next couple of questions concern the @Inormal@i age at which a member can draw an unreduced pension. First, can I ask what is the normal pension age for men? INTERVIEWER NOTE. This excludes cases of disability or ill health. @1Data sheet Q 13a@1
Range 50 75

PenAgw And what is the normal pension age for women? INTERVIEWER NOTE. This excludes cases of disability or ill health. @1Data sheet Q 13b@1
Range 50 75
IF (PenAgm = RESPONSE) AND (PenAgw = RESPONSE) AND (PenAgm = PenAgw) THEN

YreQal From what year have pension ages been equal? INTERVIEWER: IF YEAR = BEFORE 1901 CODE 00 IF 'ALWAYS'.
CODE 97
Range 1 97
IF (SchTyp = SalRe) OR (BenBas = SrBas) THEN

MktVal The next few questions ask about your scheme's assets. What was the market value of the scheme's assets at the time of the last valuation? INTERVIEWER NOTE. If no actuarial review, the @Current@i value of the scheme's assets INTERVIEWER. If larger than £1 billion (£1 000 million) please enter 999999997 (eight 9s and a 7), and at the next question enter the amount in words. @1Data sheet Q 14@1
Range 0 999999997
IF (MktVal = 999999997) THEN

MktTxt Enter the value in words
Text. Maximum 80 characters
IF (Edid = Yes) THEN

MktNew RE-CODE MKTTXT AS A VALUE BY DIVIDING ACTUAL NUMBER BY 100 e.g. 12 142 343 362 (12 142 343 362 billion) = 1214234343
PLEASE ROUND TO THE NEAREST 100 POUNDS
Range 0 999999997

SelInv Are any of these assets invested in the organisation itself, in the form of shares, property or loans?
1 Yes "Yes"
2 No "No"
IF (Selinv = Yes) THEN

PerSel About what percentage of the scheme's assets are invested in the organisation itself?
Range 0 100
SurPls  At the scheme's last actuarial review, was the scheme found to be in surplus - that is was the valuation of assets more than 100% of liabilities?
   1 Yes       "Yes"
   2 No        "No"
   3 NoRev     "(No actuarial review yet)"
IF (SurPls = No) THEN

UnFund  Was the scheme found to be underfunded, or were assets equal to liabilities?
   1 UndFun "Underfunded" 2 AssEqL "Assets equal to liabilities"

Disq4  SECTION D PERSONAL PENSION ARRANGEMENTS
The next series of questions is about your organisation's personal pension arrangements and/or group personal pension plans
(Enter 1 to Continue).
IF (SavPs > 1) AND (PType = GP) THEN

GPPPrv  With which provider have you arranged the (largest/second largest)
Group Personal Pension Plan?
Text Maximum 40 characters

PCheck  INTERVIEWER IS THIS PP/GPP VALID?
   1 Valid "valid;"
   2 Void  "invalid;"
   3 DK    "or no information available at all for @ithns@i scheme"
IF (PCheck=Void) THEN

WhyVd  INTERVIEWER Please state why this scheme is now void
Text Maximum 80 characters

ArrYr  In which year did the organisation (first start making contributions to
employees' personal pensions/first set up this Group Personal Pension?
INTERVIEWER IF YEAR = BEFORE 1901 CODE 0
Range 0 96
IF (ArrYr IN [94 96]) THEN
IF (PType = 'PP') THEN

PPCont  For how many employees does this organisation contribute to personal
pension plans? @IData Sheet Q 16@1
Range 1 5000

PPSerP  Of these, how many are contracted out of SERPS, that is how many of
these employees have appropriate Personal Pension plans? 9996 = 'ALL OF THEM'
Range 0 9996
IF (PType = 'GP') THEN

GPPEmp  How many employees participate in the Group Personal Pension Plan
your organisation has arranged (with NAME OF PLAN PROVIDER)?
Range 1 10000

GPPCon  May I check, does this organisation contribute to the (NAME OF
PROVIDER) Group Personal Pension arrangement?
   1 Yes       "Yes"
   2 No        "No"
IF (GPPCon = Yes) THEN

GPPNum  For how many employees does this organisation contribute?
INTERVIEWER NOTE If organisation has 2 or more Group Personal Pension Plans, we want to know the number for this specific Group
Personal Pension Plan 99996 = 'All of them' @IData Sheet Q.18@1
Range 1 99996
IF (PType = 'PP') OR ((PType = 'GP') AND (GPPCon = Yes)) THEN
ArrMin  What is the @minimum@ rate at which the organisation contributes to (the personal pensions/group personal pensions) arranged with (NAME OF PROVIDER)? INTERVIEWER IF RESPONDENT WISHES TO PROVIDE AN AMOUNT IN £es ENTER 100 AND THEN ENTER THE AMOUNT
200 = None / Not Applicable
300 = Fixed rate i.e. min equals max rate Range 0-300
IF (ArrMin = 100) THEN
IF (ArrMin = 300) THEN

AirMax  What is the (maximum) rate at which the organisation contributes to (personal pensions/Group Personal Pensions) arranged with (NAME OF PROVIDER)? INTERVIEWER. IF RESPONDENT WISHES TO PROVIDE AN AMOUNT IN £es ENTER 100 AND THEN ENTER THE AMOUNT
200 = None / Not Applicable
Range 0-200
IF (ArrMax = 100) THEN
IF (ArrMin = 300) THEN

ArrAve  (Since the scheme was established/Over the last 3 years), what is the @average@ rate your organisation has contributed to (personal pensions/Group Personal Pensions) arranged with (NAME OF PROVIDER)? INTERVIEWER IF RESPONDENT WISHES TO PROVIDE AN AMOUNT IN £es ENTER 100 AND THEN ENTER THE AMOUNT 200 = None / Not Applicable
Range 0-200
IF (ArrAve = 100) THEN
IF (ArrYr in [91-96]) THEN
IF (PType = PP) THEN

PrePro  Prior to (making contributions to personal pensions/starting the group personal pension) with (NAME OF PROVIDER), did the organisation make any other form of pension provision for the employees concerned?
1 Yes  Yes"
2 No  ‘No’
IF (PrePro = Yes) THEN

PreClo  Was this READ OUT  @DATA SHEET Q4 DEFINITION@?
1 CloOcc  "via a closed or frozen occupational scheme,"
2 OpnOcc  "or, via an occupational scheme which still admits new members?"
3 No  "(No neither of these)"
IF (PreClo = CloOcc) THEN

CloTyp  Was this closed scheme  READ OUT
1 DBSch  "a salary-related (defined benefit) scheme,"
2 DCSch  "or a money purchase (defined contribution) scheme?"
3 HYBrd  "A scheme where benefits were calculated using both methods (a Hybrid scheme)"
IF (PreClo IN [CloOcc,OpnOcc]) THEN

Coverd  Did you include this (closed) scheme when you told me earlier in the interview that this organisation has (Number of occupational schemes) occupational schemes? INTERVIEWER NOTE Not including wound-up schemes
1 Yes  "Yes"
2 No  "No"
7 NotApp  "Not applicable wound-up scheme"
CovNam  Please enter the number against the occupational pension scheme name.
IF (CovOrd = No) THEN
  IF (Edit = Yes) THEN

CovNo  INTERVIEWER Change answer at NumOccs (Section B), go through section E again for this other scheme, and then enter Yes at the previous question ("Coverd")
(Press 1 to Continue)

Disn5  SECTION E RECENT AND PLANNED CHANGES
This final series of questions is about recent and expected changes to your organisation's pension provision
(Enter 1 to Continue).
IF (YearCom = RESPONSE) AND (YearCom < 91) THEN

AnyChng  (In the past 5 years has the organisation/Since the organisation has been providing pensions has it) made any change in its pension arrangements in its pension arrangements other than any changes we have already talked about?'
  1 Yes  Yes
  2 No  No'
  IF (AnyChng = Yes) THEN

WhatChng  What was this? PROBE FULLY
Text: Maximum 140 characters
IF (Edit = Yes) THEN

WCCodc  Code WhatChng
Multicoded, number of allowed choices 5
1 C01 "Improved benefits (including death in service benefits, ill health benefits, increased employer contributions or funding level, etc."
2 C02 "Equalised retirement age for men and women"
3 C03 "Improved early retirement opportunities"
4 C04 "Indexed pensions in payment/guaranteed pension increases"
5 C05 "Introduced or improved provision for part-time employees/allowed part-time employees to join"
6 C06 "Extended coverage of scheme in terms of who could join (not including part-time employees - see code 05)"
7 C07 "Merged/combined schemes"
8 C08 "Closed scheme(s)"
9 C09 "Introduced a new pension scheme or arrangement"
10 C10 "Changed to a group personal pensions arrangement or personal pension plans"
11 C11 "Changed to defined contribution (money purchase) scheme"
12 C12 "Changed to defined benefit (final salary) scheme"
13 C13 "Appointed member trustees"
14 C14 "Other answers need"?

ReaChng  And can you give me the reasons for (these recent changes / this recent change)?
Multicoded, number of allowed choices 9
1 Afford "Cannot afford scheme any more"
2 NoJoin "Employees no longer wish to join"
3 OthBens "Employees want other benefits instead"
4 TooSmall "Workforce too small"
5 Pensions "Too many pensioners relative to employees"
6 NotAttrct "Existing scheme did not attract new recruits/retain staff"
7 Merged "Organisation taken over/merged/bought out"
8 NewLeg "Recent legislation/legislation anticipated"
ReaOthCd  
Code ReaOth
Multicoded number of allowed choices 5
1 Afford -“Cannot afford scheme any more”
2 Noln -“Employees no longer wish to join”
3 OthBens “Employees want other benefits instead”
4 TooSmall “Workforce too small”
5 Pensions “Too many pensioners relative to employees”
6 NotAtcrt “Existing scheme did not attract new recruits/retain staff”
7 Merged “Organisation taken over/merged/bought out”
8 NewLeg “Recent legislation/legislation anticipated”
9 Other “Other (could not re-code)”
10 c11 “Used scheme surplus/because scheme was in surplus”
12 c12 “Sex equalisation (Barber judgement/European Court ruling/Coloroll etc)”
13 c13 “To improve benefits”
14 c14 “Take over by or merged with another company and wanted to rationalise pension”
15 c15 “Changed to facilitate change to group personal pension arrangement or personal pension plans”
16 c16 “Changed to facilitate change to defined contribution (money purchase) scheme”
17 c17 “Changed to facilitate change to defined benefit (final salary) scheme”
18 c18 “To reduce cost of scheme”
19 c19 “To reduce administration/bureaucracy”

ReaOth  
Please specify other reasons PROBE FULLY
Text Maximum 140 characters

Effleg  
Can you say a little more about which aspect of the new legislation led to (this/these) changes? PROBE FULLY
Text. Maximum 140 characters

EffCode  
Code EffLeg
Multicoded number of allowed choices 5
1 c01 “Contracting out requirements of 1995 Pension Act”
2 c02 “Future requirements of 1995 Pension Act”
3 c03 “Equalisation of pension ages/sex equality/equal treatment (e.g. Barber judgement/European Court ruling/Coloroll etc)”
4 c04 “Indexing of pensions/1990 Social Security Act”
5 c05 “Earnings cap/1989 Finance Act”
6 c06 “Other n e s”
55 c55 “DO NOT USE”

ConChnge  
To your knowledge, has this organisation ever seriously considered moving to a (salary-related or defined benefits/money purchase or defined contribution) scheme?
1 Yes “Yes”
2 No “No”

IF (ConChnge = Yes) THEN
NextFive  Do you think such a move will occur in the next five years, or not?
1  Yes  “Yes”
2  No  “No”
IF (HasGPP = No) AND ((HasApp = Yes) OR (OccSchme = Yes))
AND (NOT ((OpenCt = -1) AND (NonResCt = -1) AND (RunPs = 0))) THEN

GPPChge  To your knowledge, has this organisation ever seriously considered
moving to a group personal pension arrangement?
1  Yes  “Yes”
2  No  “No”
IF (GPPChge = Yes) THEN

GPFFive  Do you think such a move will occur in the next five years, or not?
1  Yes  “yes”
2  No  “No”
IF (HasApp <> Yes) AND ((HasGPP = Yes) OR (OccSchme = Yes))
AND (NOT ((OpenCt = -1) AND (NonResCt = -1) AND (RunPs = 0))) THEN

PPChge  To your knowledge, has this organisation ever seriously considered
contributing to employees’ personal pension plans, to replace your
current pension provision?
1  Yes  “Yes”
2  No  “No”
IF (PPChge = Yes) THEN

PPFive  Do you think such a move will occur in the next five years, or not?
1  Yes  “yes”
2  No  “No”
IF (LoopCt <= SavOccs) AND (OccSch QOccSch[LoopCt] NewMem = No)
THEN

SchRepId  Was the occupational scheme (NAME OF OCCUPATIONAL
SCHEME)
replaced by one of the arrangements we have already discussed?
1  Yes  “Yes”
2  No  “No”
IF (SchRepId[LoopCt] = Yes) THEN

WhichOne Which one was (NAME OF OCCUPATIONAL SCHEME) replaced by?
INTERVIEWER ENTER NUMBER FROM THE FOLLOWING LIST
IF (HasGPP = Yes) OR (HasApp = Yes) OR (OccSchme = Yes) THEN

ExpChnge  (And) are there any changes which the organisation has seriously
considered making to its pension provision in the next two years?
1  Yes  “Yes”
2  No  “No”
IF (ExpChnge = Yes) THEN

ExpWhat  What are these changes! PROBE FULLY
Text Maximum 140 characters
IF (Edit = Yes) THEN

ExpCode  Code ExpWhat
Multicoded, number of allowed choices 5
1 c01  “Equalisation of pension ages”
2 c02  “Indexing of pensions in payment”
3 c03  “Introduce defined contribution (money purchase) underpin”
4 c04  “Introduce defined benefit (final salary) underpin”
5 c05  “Change to group personal pension arrangement or personal pension
plans”
6 c06  “Change to defined contribution (money purchase) scheme”
7 c07  “Change to defined benefit (final salary) scheme”
8 c08 "Change to or set up new (unspecified) scheme"
9 c09 ‘Rationalise/merge schemes
10 c10 Closed scheme(s) and set up new provision (unspecified)
11 c11 Improve benefits (including death in service) benefits, ill health benefits
increased employer contributions or funding level, etc."
12 c12 “Appoint member nominated trustees”
13 c13 “Contract in to SERPs”
14 c14 Contract out of SRRPs
15 c15 Make scheme contributory"
16 c16 “Make scheme non-contributory”
17 c17 “Changes required by legislation (unspecified)"
18 c18 "Other n e s"

OthChg
Has the organisation considered any other changes to its pension
provision?
1 Yes “Yes”
2 No “No”
IF (OthChg = Yes) THEN

WhtOthCh
Please Specify PROBE FULLY
Text: Maximum 140 characters
IF (Edit = Yes) THEN

OthCode
Code WhtOthCh
Multicoded, number of allowed choices 5
1 c01 “Equalisation of pension ages”
2 c02 “Indexing of pensions in payment
3 c03 “Introduce defined contribution (money purchase) underpin”
4 c04 “Introduce defined benefit (final salary) underpin”
5 c05 “Charge to group personal pension arrangement or personal pension
plans”
6 c06 “Change to defined contribution (money purchase) scheme
7 c07 “Change to defined benefit (final salary) scheme”
8 c08 “Change to or set up new (unspecified) scheme”
9 c09 “Rationalise/merge schemes”
10 c10 “Closed scheme(s) and set up new provision (unspecified)”
11 c11 Improve benefits (including death in service) benefits, ill health benefits
increased employer contributions or funding level, etc.
12 c12 “Appoint member nominated trustees
13 c13 “Contract in to SERPs”
14 c14 Contract out of SRRPs
15 c15 Make scheme contributory”
16 c16 “Make scheme non-contributory”
17 c17 “Changes required by legislation (unspecified)
18 c18 “Other n e s”
IF (ChkProv = Yes) OR ((OpenCt = -1 ) AND (NonResCt = -1 ) AND (RunPs=0))
THEN

NonChg
To your knowledge, has this organisation (ever) seriously considered
introducing some (new) form of pension provision for its employees?
1 Yes “Yes”
2 No “No”
IF (NonChg = Yes) THEN

NonFive
Do you think such a move will occur in the next five years, or not?
1 Yes “Yes”
2 No “No”
IF (ChkProv <> No) THEN
Thank you very much for taking part in this survey. The Department of Social Security regularly carries out surveys about pensions to inform government policy. Would you be willing to participate in similar surveys in the future?

1. Yes
2. No
3. Depends (Specify)

IF (LastQ = Depends) THEN

Please specify
Text. Maximum 100 characters

Are there any comments that you would like to make about the survey?

1. Yes
2. No

IF (Comment = Yes) THEN

Text. Maximum 140 characters

Length of Interview - HIDDEN TO INTERVIEWERS
Range 0-1440

IF (ChkProv <> No) THEN

INTervIEVER Did you have to contact an external organisation in order to complete the interview?

1. Yes
2. No

IF (Edit = Yes) THEN

Please code Outcome.
51. Full "Full telephone interview carried out"
52. Partial "Partial telephone interview carried out"

Has all the post-interview editing been COMPLETED?

1. Yes
2. No

Please Code Outcome:
11. NoTrace "No Trace of Organisation I/ BT not issued"
12. Moved "Organisation moved - no information on new address / number"
13. Closed "Organisation no longer in operation"
14. Other "Other reason for ineligible (Specify)"
20. Duplicate "Duplicate address/organisation"
80. NotAvl "Not available"
81. PerRef "Personal refusal (Specify)"
82. BrokApp "Broken appointment I not possible to re-contact"
83. Ref/OthRef "Refusal by other person as organisation (Specify)"
84. Ref/OtRef "Refusal by other person as organisation (Specify)"
85. OthRef "Other reason for non-interview (Specify)"

IF (UnpOut IN [Other, PerRef, Ref/OthRef, OthRef]) THEN

Please specify reason why
Text. Maximum 100 characters
APPENDIX C  ADVANCE LETTER AND DATA SHEET

Copies of the Advance letter and Data sheet sent to respondents are presented on the following pages.
1996 SURVEY OF EMPLOYERS' PENSION PROVISION

I am writing to ask you if you would be willing to take part in an important survey of employers which is about to be carried out for the Department of Social Security.

What is the survey about?

The Department has commissioned a joint team of researchers at the Policy Studies Institute (PSI) and Social and Community Planning Research (SCPR) to carry out this survey. The purpose of the research is to provide a picture of pension provision in 1996 and to gather information about any recent and expected changes.

This survey is part of a series of surveys designed to collect baseline information to evaluate the reforms introduced by the Pensions Act, 1995, and provide data to inform Government policy on pensions. In 1994, a survey of employers' pension arrangements was carried out, and in 1995 a survey of pension inquiries and dispute resolution procedures was undertaken. The current survey has been designed to update the 1994 survey and will be shorter and should take on average fifteen minutes.

We realise your organisation might have participated in one or both of the earlier surveys, but we hope you will feel able to take part again. The Department would like to take this opportunity to stress that it especially values the continued support of organisations.

Why are we writing to you?

In order to gain a nationally representative picture of the extent and nature of pension provision currently made by employers for their employees, it is essential that as many organisations take part in the survey as possible. The Department is just as interested in employers which do not make any pension arrangements, as in those which do, and in the policies of small employers as well as large ones.

How have you been selected?

Your organisation has been randomly selected from a listing of commercial organisations operating in Great Britain, compiled and updated by Dun and Bradstreet. About 2,000 private sector organisations are being approached as it is important to ensure that all types of business are covered in the study. If your organisation consists of a number of businesses, such as a group of companies, the information required relates to the whole of the organisation in Great Britain. That is, the British parent company and all its subsidiaries and operations within this country.
What happens now?

Attached to this letter is a data sheet from PSI/SCPR which asks for some basic details about your organisation and any pension arrangements you make for your employees. An interviewer from SCPR will telephone in the next few days to arrange a convenient time to conduct a telephone interview.

Any information that you give to interviewers will be treated in strictest confidence by PSI and SCPR. No information will be published or passed to any Government Department including the Department of Social Security or to any other organisation in a form which could identify any business or individual.

You may wish to note that we have advised a number of professional bodies and employer organisations that the survey is taking place. These include:

- Confederation of British Industry
- Institute of Directors
- Federation of Small Businesses
- Forum of Private Businesses
- Engineering Employers Federation
- National Association of Pension Funds
- Pensions Management Institute
- Society of Pension Consultants
- Institute and Faculty of Actuaries
- Association of Consulting Actuaries
- Association of British Insurers

I do hope that you will be able to participate in this research as we would very much value your contribution. However, if you prefer not to be contacted, please write to me at the FREEPOST address at the top of this letter or ring me during office hours, on 0171 962 8325. Alternatively, you can ring David Dunlop-Smith at SCPR on 0171 250 1866. Please quote your name, address and the reference number at the top of this letter.

Yours sincerely,

Jane Sweeting
Research Officer
THE DSS SURVEY OF EMPLOYERS AND PENSIONS

Data Sheet

An interviewer from SCPR will be telephoning in the next few days to ask about your company and any pension provision you may make for employees. This form will guide you through the questions we would like to ask. If you do not have precise information at any point, please answer using the best information available.

Please do not return this form to DSS or SCPR. It is designed to help you when the interviewer telephones you. This form should take only a few minutes to complete.

ABOUT YOUR ORGANISATION

For these questions, we are interested in your organisation as it exists within Great Britain (i.e., England, Scotland and Wales). If your organisation consists of a number of businesses, such as a group of companies, the information required relates to the whole of the organisation in Great Britain. That is, the British parent company and all its subsidiaries and operations within this country.

Q1 How many employees are there in your organisation in England, Scotland and Wales?
(By employee, we mean someone with a contract of employment, including outworkers but excluding any employees of other organisations working at your premises.)

PLEASE WRITE IN NUMBER

Q2 How many employees work full-time?
(That is for 30 hours per week or more)

PLEASE WRITE IN NUMBER

(Estimates are acceptable)

Q3 How many employees are female?

PLEASE WRITE IN NUMBER

(Estimates are acceptable)

Q4 Does your organisation have an occupational pension scheme?
(Please refer to the Guidance Notes opposite, before answering this question.)

Yes  PLEASE ANSWER Q5 TO Q14 FOR EACH SCHEME

No  GO TO Q15

FOR EACH OCCUPATIONAL SCHEME, WE WISH TO ASK

Size of scheme in terms of the number of employees who are active members

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<tr>
<th>Scheme</th>
<th>Largest</th>
<th>2nd Largest</th>
<th>3rd Largest</th>
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<td>Q14</td>
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</tbody>
</table>

Q5 In which year was the scheme established?
(Please see Guidance Notes for Q6 to Q8)

Q6 How many current employees are active members of the scheme?

Q7 How many deferred pensioners does the scheme have?

Q8 How many current pensioners does the scheme have?

Q9 How many trustees does the scheme have?

Q10 How many trustees, if any, are members of the scheme?

Q11 What is the percentage of pay (or pensionable pay) which members contribute? (%)
(Please see Guidance Notes for Q11 and Q12)

Q12 What is the normal pension age for men?

Q13b What is the normal pension age for women?

Q14 If the scheme is salary-related what is the market value of the scheme's assets? (£000s)

£££
GUIDANCE NOTES

Q4 Please answer "Yes" at Q4 if you have any of the following arrangements:

Occupational pensions are arrangements by the employer to provide employees with a pension and/or benefits when they retire from work. Usually the employer makes contributions for each employee who has joined the scheme. There are two main types of occupational pension scheme: a defined benefit scheme, where retirement benefits are based on length of service and salary, and a money purchase or defined contribution scheme, where benefits are based on money invested during membership.

Industry-wide schemes are occupational pension schemes that are organised on an industry-wide basis.

"Top hat" schemes are a type of occupational pension scheme where membership is restricted to senior managers and directors.

Closed schemes are occupational pension schemes where no new members are allowed to join, but contributions may still be made by existing members and/or their employer. Frozen schemes are occupational pension schemes where no new members are allowed to join and no contributions are being or will ever be made by members and/or the employer. Please include closed and frozen schemes on this data sheet but do not include any schemes which have been wound-up.

Q6 Active members are currently employees who belong to an occupational pension scheme.

Q7 Deferred pensioners (or deferred members) are people who were members of an occupational pension scheme and who have now left it usually because they have joined a new employer. Contributions are no longer being made into the scheme either by the member or the employer. The rights are frozen or retained in the scheme until they are drawn as a pension or transferred to a new pension scheme.

Q8 Current pensioners are people who are currently receiving a pension.

For both Q7 and Q8 you will be asked how many are male and how many are female.

Q11 & Q12 The interviewees may also need to ask you for the minimum, maximum and average contribution rates.

Q13 Personal pensions are a private form of pension arrangement between an individual employee and an insurance company, building society or bank. Employers may also contribute to an employee's personal pension plan.

Q17 Group personal pensions are personal pension plans that an employer has organised with an insurance company, bank or building society for a group of employees. Employers may make contributions to these employees' personal pension plans.

APART FROM ANY OCCUPATIONAL SCHEMES REFERRED TO ON PAGE 2

Q15 Does your organisation contribute to the personal pension plans of any employees?

(Please refer to Guidance Notes on page 3 before answering this question)

Yes ANSWER Q16

No GO TO Q17

Q16 For how many employees does your organisation contribute to personal pension plans?

PLEASE WRITE IN NUMBER

(Estimates are acceptable)

Q17 Has your organisation set up or arranged a group personal pension plan for any employees?

(Please refer to Guidance Notes on page 3 before answering this question)

Yes ANSWER Q18

No END

Q18 For how many employees does your organisation contribute to the group personal pension plan(s)?

PLEASE WRITE IN NUMBER

(Estimates are acceptable)

The interview will focus on up to the three largest occupational schemes and up to the three largest (group) personal pension arrangements your organisation may have. However, we are interested to collect basic information about any other pension provision your organisation may provide for its employees. The interview will ask for this information if applicable after establishing the details of your organisation’s main forms of pension provision.

THANK YOU

Please keep this data sheet to help with the interview. SCPR Project No 1612
Open questions
Section B

WhyNoPens
What would you say is the main reason why your
organisation does not contribute to employees' pensions?

Codes up to 5 responses at 11 NPC=6

01 Organisation is too small
02 Organisation has only just recently been established/organisation is too new
03 Too hard to provide pensions
04 Cannot afford to provide pensions (at the moment)
05 Pensions are too complicated/no much administration or legislation involved
06 Staff don't want pensions (will have never asked for a pension scheme)
07 Workforce is predominantly part-time or temporary/many part-time or temporary staff
08 Staff turnover is too high/employees don't tend to stay long enough to make it worthwhile to provide pensions
09 It is the responsibility of employees and the employer
10 It is not company policy to provide pensions
11 Only a one person organisation or family business (i.e. no employees)
12 Other answer(s)

5020666666
9999999999

45

Refused

Don't know

Other answer(s)
Section C

Why was the scheme closed to new members?

Code up to 5 responses at W/Cade

(leave comments about scheme)

01 The scheme is in too much difficulty

02 Too much administration involved in running scheme

03 Not enough money in scheme (not enough money in scheme to meet expenses)

04 Benefits of organisational change:

04 Change of ownership or organisaton led to scheme closing or scheme being wound up

05 Change of ownership of organisation led to scheme merging or scheme being wound up

06 Change of ownership of organisation, but no details about pension scheme(s)

To set up new different scheme

07 Wanted to switch to group personal pension arrangement or personal pension arrangement

08 Wanted to switch to defined contribution (money purchase) scheme

09 Wanted to switch to defined benefit (final salary) scheme

10 Set up new or other scheme and not other discuss

Other comments about new scheme

11 Wanted to provide more generous pension/better terms

12 Previous scheme was not attractive/efficient/poor terms

13 Wanted to provide employees with age, sex, ability to transfer their pensions

14 Wanted to operate scheme on a different base

15 Wanted to make administration easier from a burden

To do with changes in legislation

16 Past/recent changes in pension legislation

17 Anticipated/expected future changes in pension legislation

18 Past/recent changes in tax arrangements

How the organisation

20 Companies in financial difficulty/companies unable to sustain scheme

21 No one wanted to join

22 Expansion of the workforce

23 Reduction in the workforce

24 Staff turnover/Staff don't stay long enough

25 Other answers 

889480936 Relocated

999999999 Don't know

Section E

What is the changed

Code up to 5 responses at W/Cade

01 Improved benefits (including death in service) better health benefits, increased employee contributions or funding levels etc

02 Equalisation retirement age for men and women

03 Improved early retirement opportunities

04 Indexed pensioners, retirement/income guarantee/pension increases

05 Introduced or improved pension for part-time employees or allowed part-time employees to retire

06 Extended coverage of scheme, in terms of who could join (not including part-time employees - see code 54)

07 Merged/combined schemes

08 Closed schemes

09 Introduced a new pension scheme or arrangement

10 Changed to a group personal pension arrangement or defined pension plan

11 Changed to defined contribution (money purchase) scheme

12 Changed to defined benefit (final salary) scheme

13 Approved member trustees

14 Other answers

889480936 Relocated

999999999 Don't know

Effigy

Can you say a little more about what aspect of the new legislation led to (two/three) changes?

Code up to 5 responses at W/Cade

01 Contracting out requirements of 1988 Pension Act

02 Future requirements of 1995 Pension Act

03 Equalisation of pension age/sex equality/equal treatment (e.g. Barber judgment/European Court ruling/Colwell etc)

118
"OTHER" RESPONSE SECTION C

Change 1 added §

Other answers (other code 10) are keyed verbatim at 0/0. Some of these answers may need to be back-coded at 0/0.62. Not at Change (other beta-coded). List other answers (not back-coded) with serial numbers.

Additional codes at 0/0.62

Type: 1: What type of scheme was replaced?

ExpOh: Was created for the other answers. You may need to back-code some answers at 0/0.62. List other answers (not back-coded) with serial numbers.

SchOpn: Who is the scheme for? The n which types of employees including owners managers and directors can join the scheme.

SchWho was created for the other answers. You may need to back-code some answers at 0/0.62. List other answers with serial numbers.

Additional codes

17 All in particular business group/activity (e.g. employees in our insurance market)
18 Hours or weekly paid employees (not who, collar only)
19 All employees under a certain age
20 All employees over a certain age
21 All employees up to senior managers except for senior managers or directors.

Please indicate statement regarding minimum length of service requirement. Important: Option C is a separate option. For example at all employees over 1 year with term code 10. All employees.

SchOpn: And is the scheme ¾

SchOh was created for the other answers. You may need to back-code some answers at 0/0.62. List other answers (not back-coded) with serial numbers.

Additional codes

14 Industry schemes (e.g. the electronics industry pension scheme)
15 Years of service or years in scheme (e.g. comment relating to years in pension scheme)

DIBBus: Is the basis of employees' contributions ¾

DIBOh was created for the other answers. You may need to back-code some answers at 0/0.62. List other answers (not back-coded) with serial numbers.
Section C

11. Used scheme surplus/because scheme was in surplus
12. Sex equalisation (Barber judgment/European Court ruling/Colombia)
13. To improve benefits
14. Take over by or merged with another company and wanted to reorganize pension
15. Changed to facilitate change in group personal pension arrangements or personal pension plans
16. Changed to facilitate change in defined contribution (money purchase) scheme
17. Changed to facilitate change in defined benefit (final salary) scheme
18. To reduce cost of scheme
19. To reduce administration/bureaucracy

OTHER RELATED INSTRUCTIONS

Section D

10. What is the name of the main benefit carried out by this organisation?

Code up to 3 two-digit SIC90 codes

Annual / Period [01 - 17] / P/Or/Oh [01 - 12]

Other answers in Period need to be recorded at both Annual and Period to what ever is easier for the coding team because the computer automatically derives the answer for per calendar month.

This will also need to be done for P/Or and Or/Oh.

11. What is the market value of the scheme assets at the time of the last valuation?

If code 999999997 you will need to code the market value at MLI/MLN by dividing the member's free and frozen in this new figure at MLN/New.

For example an answer of twelve thousand one hundred and ninety seven pounds at MLI would be coded to 1219700000 (12 197 000 000)
REFERENCES

### OTHER RESEARCH REPORTS AVAILABLE:

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This report presents findings of research carried out in 1995 to gather information on the extent and nature of pension provision among employing organisations in Great Britain and to collect data on recent or forthcoming changes in pension provision. The research, carried out by the National Institute of Economic and Social Research (NIESR), is the second in a series of surveys on employers' pension provision. The survey involved telephone interviews with about 2,000 private sector organisations.

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