

Statistical bulletin

Funded occupational pension schemes in the UK: October 2023 to March 2024

Financial Survey of Pension Schemes (FSPS) estimates including membership, income and expenditure, assets, and liabilities of pension schemes.

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1 . Main points

- The market value of private sector defined benefit and hybrid pension schemes increased from £1,111 billion to £1,179 billion (6%) between 30 September 2023 and 31 March 2024, caused by rises in long-term debt securities and insurance policies assets.
- The combined market value of private sector defined contribution and public sector defined benefit and hybrid pension schemes increased from £736 billion to £830 billion (13%) between 30 September 2023 and 31 March 2024, caused by rises in pooled investment vehicle and equities holdings.
- Private sector defined benefit and hybrid pension scheme liability driven investment pooled holdings rose by £6 billion (4%), while repurchase agreements (repo) holdings increased by £3 billion (3%) between 30 September 2023 and 31 March 2024.
- Expenses as a percentage of assets for funded occupational pension schemes are published for the first time today.

A new sample has been introduced for the Financial Survey of Pension Schemes (FSPS) from Quarter 1 (Jan to Mar) 2024. This means that estimates in upcoming quarters may be subject to greater revisions. More information about the sample used for this survey is available in [Section 10: Data sources and quality](#).

2 . The market value of UK funded occupational pension schemes

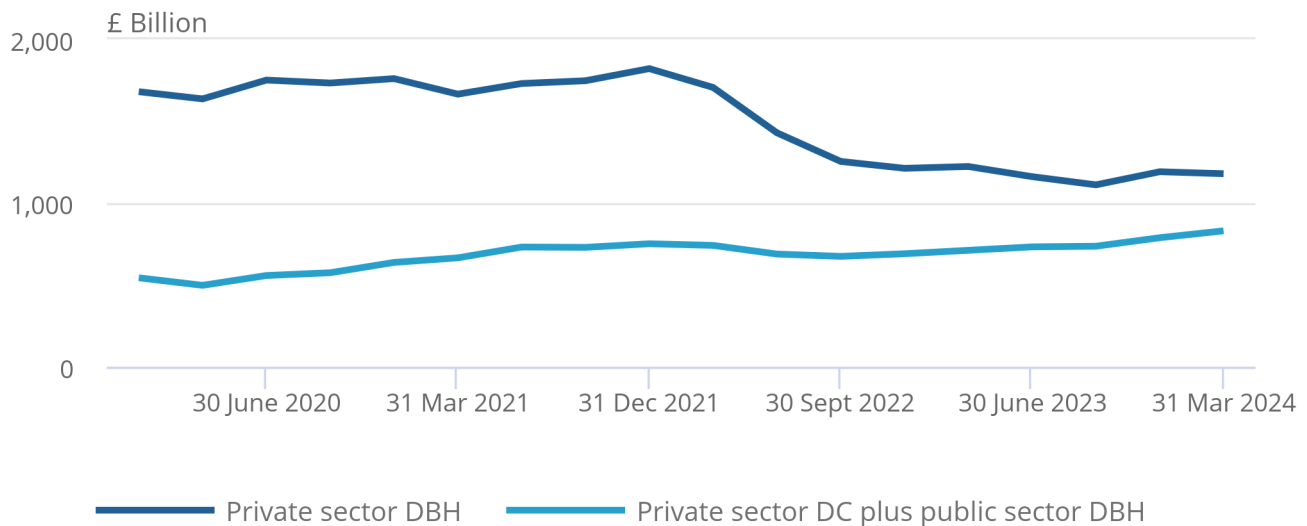
The market value of pension schemes includes all assets, the net value of derivative contracts that schemes have invested in, and liabilities other than pension benefits owed to members.

Figure 1: The market value of private sector defined benefit and hybrid pension schemes increased by £68 billion (6%) between 30 September 2023 and 31 March 2024

Market value, UK funded occupational pension schemes, £ billion, 31 December 2019 to 31 March 2024

Figure 1: The market value of private sector defined benefit and hybrid pension schemes increased by £68 billion (6%) between 30 September 2023 and 31 March 2024

Market value, UK funded occupational pension schemes, £ billion, 31 December 2019 to 31 March 2024



Source: Financial Survey of Pension Schemes from the Office for National Statistics

Notes:

1. Private sector DBH equals private sector defined benefit and hybrid pension schemes.
2. Private sector DC plus public sector DBH equals private sector defined contribution and public sector defined benefit and hybrid pension schemes combined.

Between 30 September 2023 and 31 March 2024, the market value of private sector defined benefit and hybrid (DBH) pension schemes increased by £68 billion (6%) from £1,111 billion to £1,179 billion, while the market value of private sector defined contribution (DC), and public sector DBH pension schemes increased by £94 billion (13%) from £736 billion to £830 billion.

The rise in private sector DBH pension schemes' market value between 30 September 2023 and 31 March 2024 was because of a rise in long-term debt securities and insurance policies assets.

In comparison, the rise in the market value of private sector DC and public sector DBH schemes during this period was caused by increases in pooled investment vehicle (PIV) and direct equities holdings.

Please see the accompanying [dataset](#) for a full breakdown.

3 . Private sector defined benefit and hybrid scheme holdings of long-term debt securities

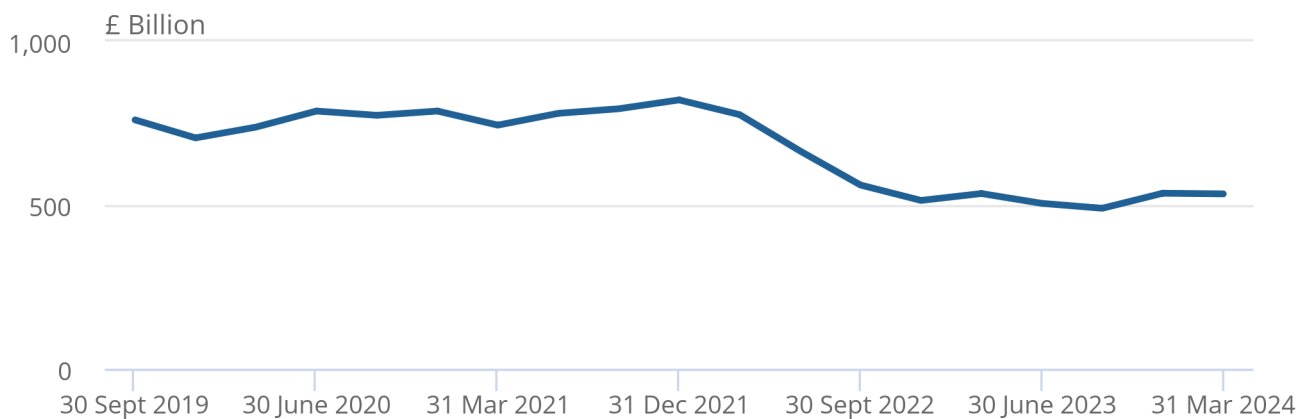
Figure 2 shows private sector direct holdings of long-term debt securities between 30 September 2019 and 31 March 2024. Long-term debt securities includes both government and corporate bonds. Almost all private sector holdings of long-term debt securities come from private sector defined benefit and hybrid (DBH) schemes.

Figure 2: Direct holdings of long term debt securities (including gilts) of private sector pension schemes increased by £44 billion (9%) between 30 September 2023 and 31 March 2024

Long-term debt securities holdings, private sector pension schemes, £ billion, 30 September 2019 to 31 March 2024

Figure 2: Direct holdings of long term debt securities (including gilts) of private sector pension schemes increased by £44 billion (9%) between 30 September 2023 and 31 March 2024

Long-term debt securities holdings, private sector pension schemes, £ billion, 30 September 2019 to 31 March 2024



Source: Financial Survey of Pension Schemes from the Office for National Statistics

Notes:

1. Private sector equals private sector defined benefit and hybrid and private sector defined contribution pension schemes.

Between 30 September 2023 and 31 March 2024, private sector holdings of long-term debt securities rose by £44 billion (9%). All of the increase in the value of holdings during this period came between 30 September and 31 December 2023 (£46 billion), slightly offset by a £2 billion decrease between 31 December 2023 and 31 March 2024, and was mainly because of the largest private sector DBH schemes.

Our transactions data suggest that most of the increase for these schemes in Quarter 4 (Oct to Dec) 2023 came from unrealised gains, suggesting that the higher value of long-term debt securities on 31 December 2023 was mainly the result of an increase in the market value of bonds already held. Most of this increase is likely to have come from increases in the value of domestic bonds (mainly from gilts, but also UK corporate bonds) during the quarter. The value of domestic long-term debt securities held by UK funded occupational pension schemes increased by £50 billion (12%) between 30 September and 31 December 2023, compared with £1 billion (1%) for overseas long-term debt securities.

The UK 10-year overnight index swap (OIS) curve decreased from 4.26% to 3.60% between 29 September and 29 December 2023. Gilt yields hold an inverse relationship to their price. See the [Bank of England yield curve overview](#) for more information.

4 . Insurance policy assets and deficit reduction contributions

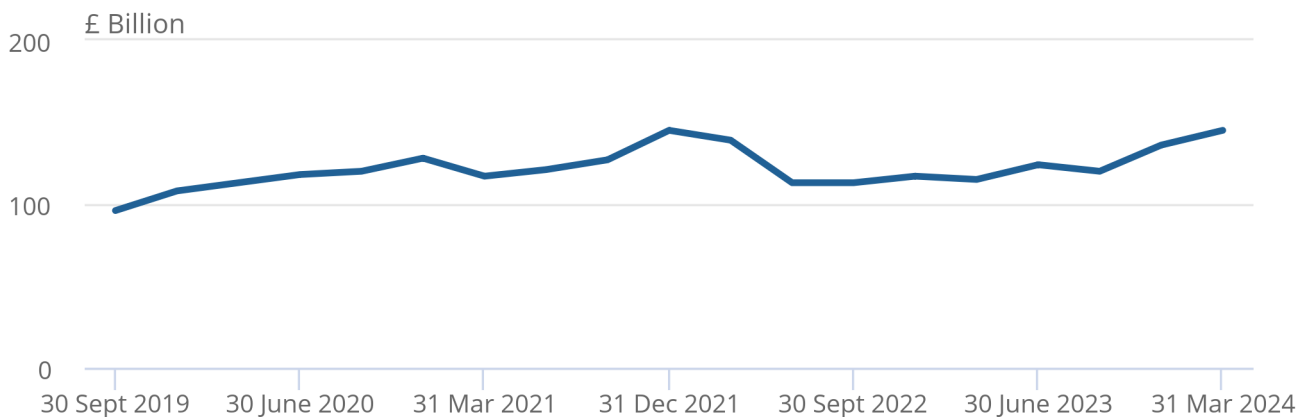
Insurance policies are annuity and deferred annuity contracts relating to buy-ins and longevity swaps. They are policies held with insurance companies and are recorded as assets of the occupational pension scheme, enabling the trustees to meet all or part of the scheme's pension liabilities.

Figure 3: Private sector defined benefit and hybrid insurance policies assets holdings increased by £25 billion (21%) between 30 September 2023 and 31 March 2024

Insurance policies assets, private sector defined benefit and hybrid pension schemes, £ billion, 30 September 2019 to 31 March 2024

Figure 3: Private sector defined benefit and hybrid insurance policies assets holdings increased by £25 billion (21%) between 30 September 2023 and 31 March 2024

Insurance policies assets, private sector defined benefit and hybrid pension schemes, £ billion, 30 September 2019 to 31 March 2024



Source: Financial Survey of Pension Schemes from the Office for National Statistics

Notes:

1. Insurance policies are annuity and deferred annuity contracts relating to buy-ins, longevity swaps and insurance relating to death benefits.

Private sector DBH pension scheme insurance policies assets increased by £25 billion (21%) between 30 September 2023 and 31 March 2024, indicating that there were further buy-ins and longevity swap contracts agreed between pension schemes and insurance companies. The increase came from private sector DBH schemes of all size bands. It has been reported that there was an increased level of UK pension risk transfer transactions with UK insurance companies in 2023 (see [Hymans Robertson's risk transfer report 2024 \(PDF, 4.3 MB\)](#) for more information).

Please note, this series is volatile because schemes may agree insurance policies infrequently and insurance policy assets may be transferred from the pensions sector to the insurance sector. For example, a pension scheme with insurance policies assets through a buy-in may move towards buy-out, where these insurance policies assets would go to zero as these assets would be transferred to the insurance company.

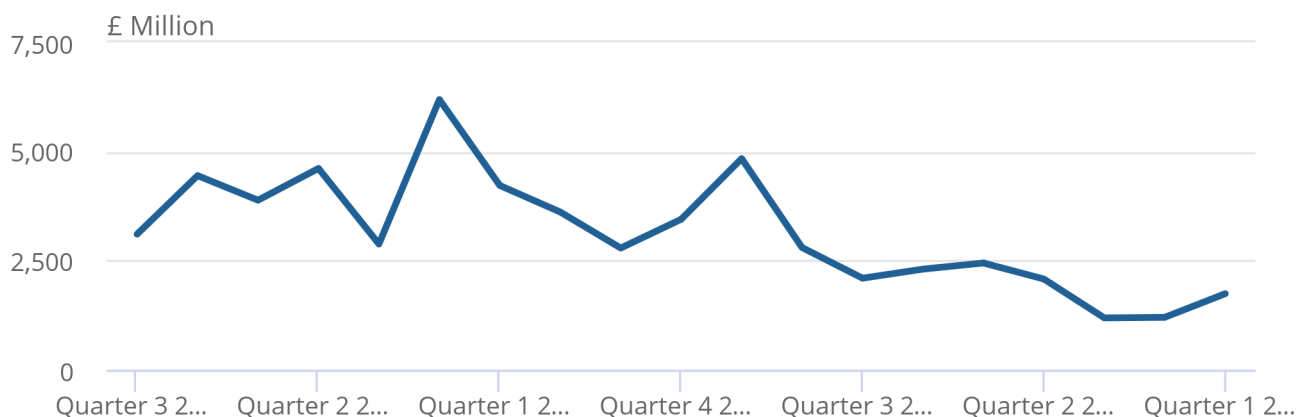
The increase in holdings of insurance policies may reflect that schemes are able to engage in risk transfer transactions because of improvements in scheme funding levels. Deficit reduction contributions (DRCs), the purpose of which is to make up shortfalls in schemes' funding positions, have been comparatively low during the past few quarters (Figure 4).

Figure 4: Private sector defined benefit and hybrid pension scheme deficit reduction contributions remained relatively low in Quarter 4 (Oct to Dec) 2023 and Quarter 1 (Jan to Mar) 2024

Deficit reduction contributions, private sector defined benefit and hybrid pension schemes, £ million, Quarter 3 (July to Sept) 2019 to Quarter 1 (Jan to Mar) 2024

Figure 4: Private sector defined benefit and hybrid pension scheme deficit reduction contributions remained relatively low in Quarter 4 (Oct to Dec) 2023 and Quarter 1 (Jan to Mar) 2024

Deficit reduction contributions, private sector defined benefit and hybrid pension schemes, £ million, Quarter 3 (July to Sept) 2019 to Quarter 1 (Jan to Mar) 2024



Source: Financial Survey of Pension Schemes from the Office for National Statistics

Notes:

1. Quarter 1 equals January to March; Quarter 2 equals April to June; Quarter 3 equals July to September; Quarter 4 equals October to December.

In summary, the recent level of DRCs, combined with an increase in insurance policies assets, indicate that schemes have improved funding levels. Schemes may be progressing towards a long-term goal of a full buyout with insurance companies, where their assets and liability to pay their members pension entitlements are transferred to an insurance company.

Please note, we do not publish funding level data in this bulletin and dataset.

5 . Private sector defined contribution and public sector defined benefit and hybrid scheme assets

Between 30 September 2023 and 31 March 2024, increases in the market value of private sector defined contribution (DC) and public sector defined benefit and hybrid (DBH) pension schemes were mainly because of increases in pooled investment vehicles (PIVs) and direct investments in equities.

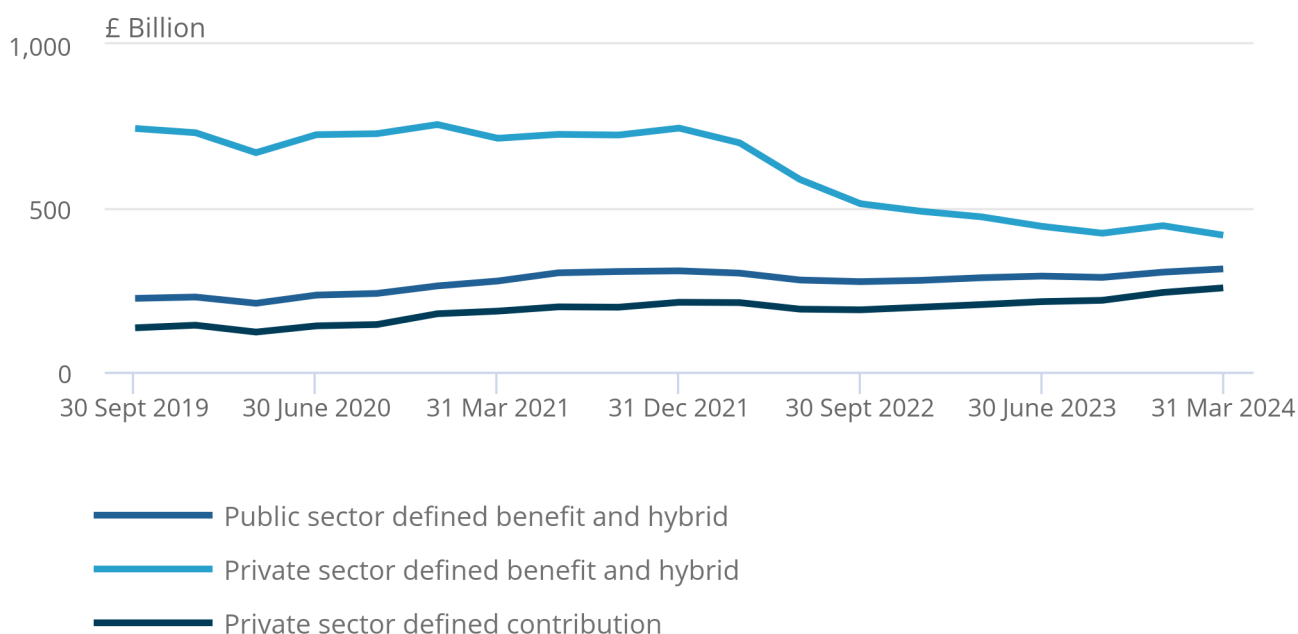
Private sector DC scheme total assets increased by £42 billion (17%) between 30 September 2023 and 31 March 2024. PIV holdings increased by £38 billion (17%) during this time. As of 31 March 2024, 89% of private sector DC assets were held in PIVs. These estimates suggest a continuation of the trend that most contributions and investments for this scheme type go into PIVs.

Figure 5: Public sector defined benefit and hybrid and private sector defined contribution pension scheme pooled investment vehicle holdings

Pooled investment vehicle holdings, £ billion, 30 September 2019 to 31 March 2024

Figure 5: Public sector defined benefit and hybrid and private sector defined contribution pension scheme pooled investment vehicle holdings

Pooled investment vehicle holdings, £ billion, 30 September 2019 to 31 March 2024



Source: Financial Survey of Pension Schemes from the Office for National Statistics

Public sector DBH scheme PIV holdings increased by £26 billion between 30 September 2023 and 31 March 2024.

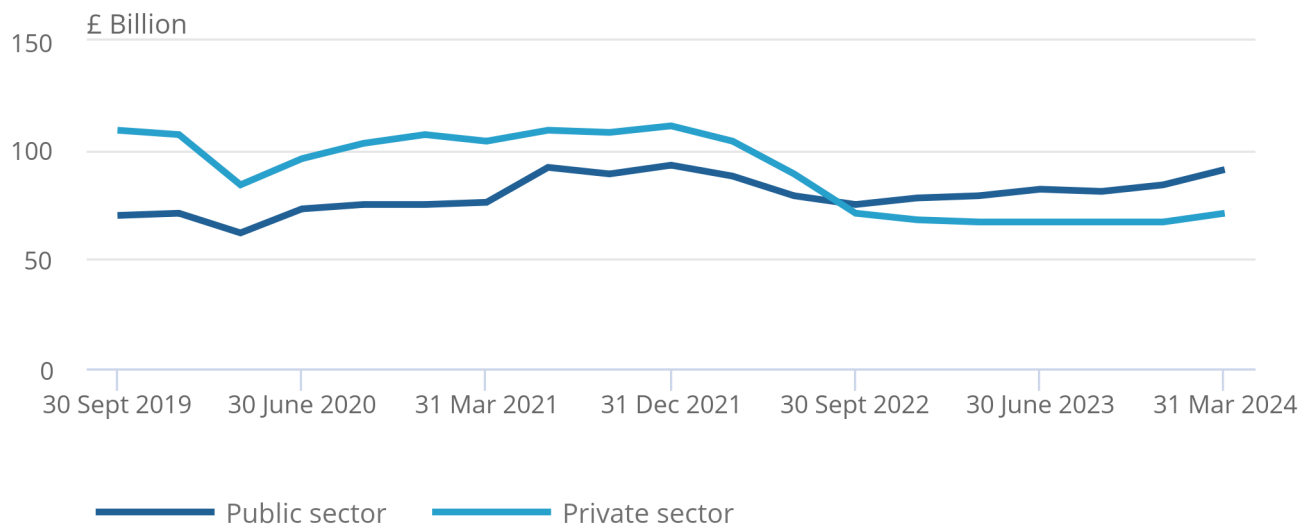
Public sector DBH holdings of equities rose by £10 billion (12%) during the same period. The increase in equities prices in Quarter 4 2023 and Quarter 1 2024 counteracted net disposals of equities by these schemes in both quarters.

Figure 6: Public sector defined benefit and hybrid pension scheme direct equities holdings increased by £10 billion (12%) between 30 September 2023 and 31 March 2024

Direct equities holdings, private and public sector, £ billion, 30 September 2019 to 31 March 2024

Figure 6: Public sector defined benefit and hybrid pension scheme direct equities holdings increased by £10 billion (12%) between 30 September 2023 and 31 March 2024

Direct equities holdings, private and public sector, £ billion, 30 September 2019 to 31 March 2024



Source: Financial Survey of Pension Schemes from the Office for National Statistics

Notes:

1. Private sector equals private sector defined benefit and hybrid and private sector defined contribution pension schemes.

Private sector scheme holdings of equities increased by £4 billion (6%) between 30 September and 31 March 2024, of which most of the increase is attributable to private sector DC schemes. Our transactions data suggests that most of the increase in direct holdings of equities came from unrealised gains (rather than acquisitions of equities) because of higher equities prices in Quarter 4 (Oct to Dec) 2023 and Quarter 1 (Jan to Mar) 2024.

Equity markets performed well between 30 September 2023 and 31 March 2024. In both Quarter 4 2023 and Quarter 1 2024, the [FTSE all-share UK equity index](#) rose by 2.5%. The [S&P 500 US equity index](#) rose by 11% and 10% respectively during this time. Across all funded occupational pension schemes, the increase in the value of holdings of overseas equities (£15 billion) offset a decrease in the value of holdings of domestic equities (£1 billion).

6 . Liability driven investment

Liability driven investment (LDI) is an approach to investing pension scheme assets that is designed to match the scheme's pension liabilities, including managing uncertainty relating to interest rate and inflation risk. Pension schemes can do this as an individual scheme (segregated LDI strategy) or as part of a pooled fund. Repurchase agreements (repos) are predominantly used by large defined benefit and hybrid (DBH) pension schemes for borrowing in relation to segregated LDI.

Figure 7 illustrates private sector DBH pension scheme LDI pooled holdings alongside total repurchase agreement (repo) liabilities, allowing for a comparison between the two types of LDI (pooled and segregated). Generally, larger private sector DBH schemes perform segregated LDI by using repos, while smaller pension schemes without the resources to perform segregated LDI, perform the strategy through LDI pooled funds.

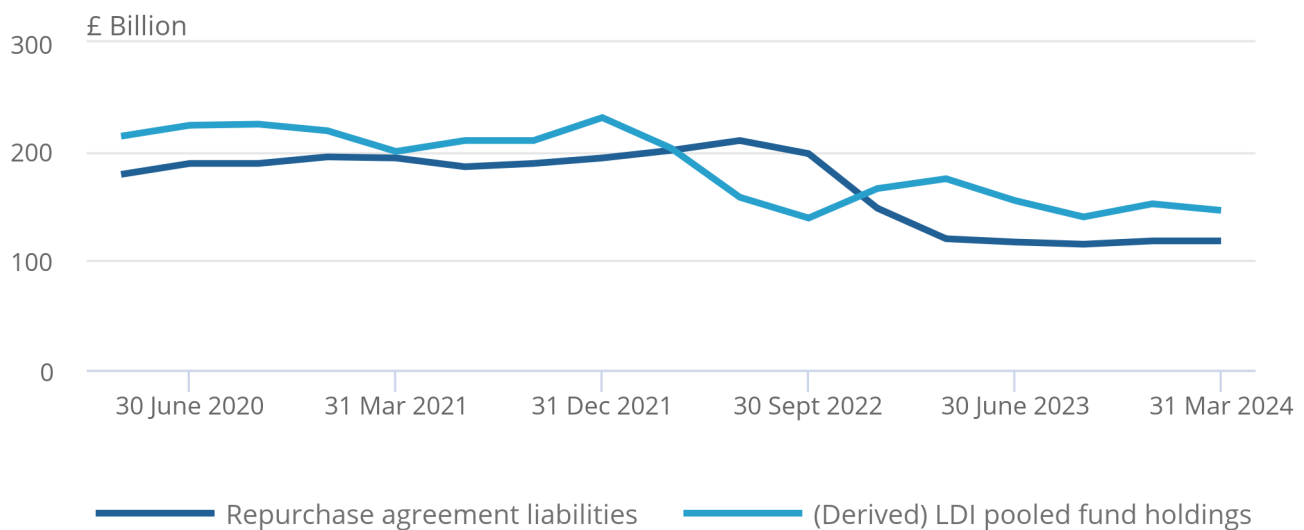
Please note that private sector DBH LDI pooled holding estimates are calculated using a smaller pool of data and must be treated with caution. See Section 3 of our [previous bulletin](#) for more information.

Figure 7: Liability driven investment holdings and repurchase agreement liabilities remained relatively consistent between 30 September 2023 to 31 March 2024

Private sector defined benefit and hybrid pension schemes liability driven investment pooled holdings, total repurchase agreement (repo) liabilities, £ billion, 31 March 2020 to 31 March 2024

Figure 7: Liability driven investment holdings and repurchase agreement liabilities remained relatively consistent between 30 September 2023 to 31 March 2024

Private sector defined benefit and hybrid pension schemes liability driven investment pooled holdings, total repurchase agreement (repo) liabilities, £ billion, 31 March 2020 to 31 March 2024



Source: Financial Survey of Pension Schemes from the Office for National Statistics

Between 30 September 2023 and 31 March 2024 LDI pooled holdings rose by £6 billion (4%), while repo holdings increased by £3 billion (3%). The stability of both series may indicate that a "new normal" level of LDI related holdings has been reached by UK funded occupational pension schemes. LDI investments may now be fully adjusted to the relatively higher interest rates in the economy compared with pre-2022, and movements in gilt yields seen in Quarter 3 (July to Sept) 2022.

7 . Expenses

For the first time, we have published estimates relating to funded occupational pension scheme expenses. This is in line with our ambition to further develop pensions statistics to meet the growing demand for our statistics from users.

Pension expenses are the costs incurred by a pension scheme. Expenses include administration, regulatory, investment and professional service charges, and other expenses.

For each quarter, we present total expenses as a percentage of total assets. Total expenses reported are divided by the total assets of all the schemes that have provided non-zero values for expenses. A high percentage of private sector defined benefit and hybrid (DBH) and public sector DBH schemes that complete the Financial Survey of Pension Schemes (FSPS) provide expenses data, while private sector defined contribution (DC) schemes have lower response rates when reporting expenses. To account for this when calculating the final published estimates, we include only pension schemes with non-zero expenses.

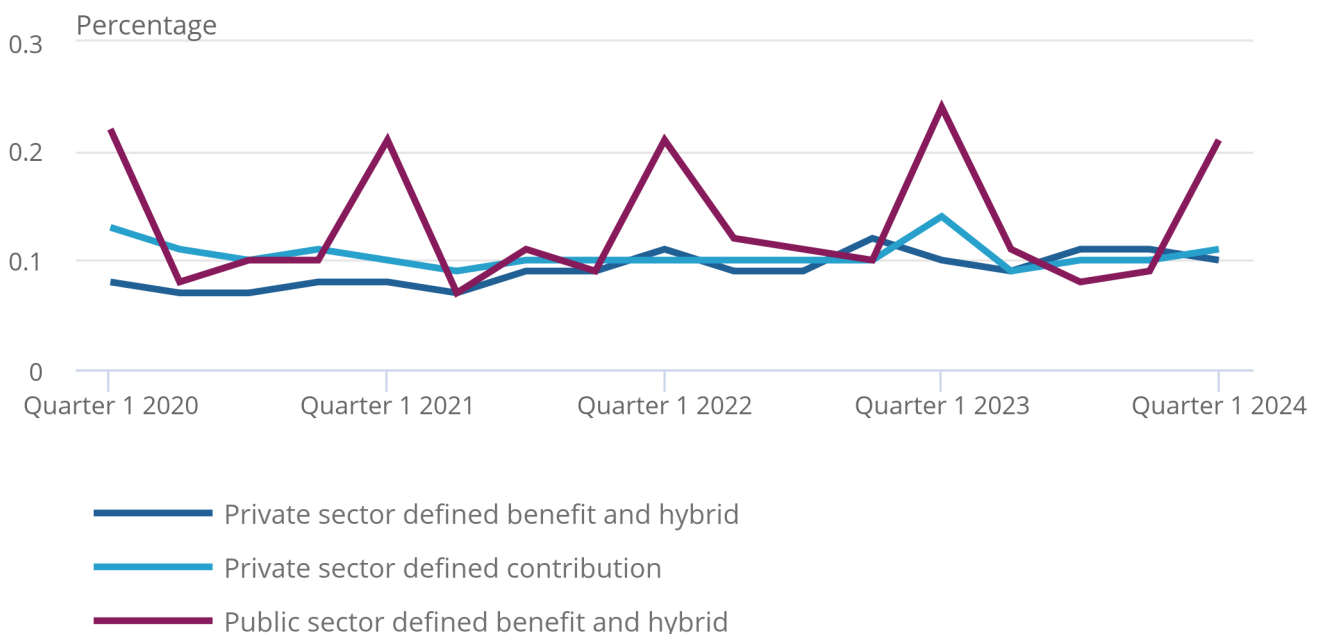
By only including schemes with non-zero expenses, the effects of non-completion by some schemes are mitigated. We assume that each scheme is highly likely to have some type of expense. For example, a scheme which uses a third-party administrator would be charged for this service. Therefore, using expenses as a percentage of total assets of only the schemes that have provided non-zero values for expenses are likely to be representative for each scheme type. This methodology also allows for a better comparison of expenses between scheme types.

Figure 8: Public sector defined benefit and hybrid scheme expenses as a percentage of assets are higher in Quarter 1 each year

Total expenses as a percentage of assets (non-zero expenses schemes), percentage, Quarter 1 (Jan to Mar) 2020 to Quarter 1 2024

Figure 8: Public sector defined benefit and hybrid scheme expenses as a percentage of assets are higher in Quarter 1 each year

Total expenses as a percentage of assets (non-zero expenses schemes), percentage, Quarter 1 (Jan to Mar) 2020 to Quarter 1 2024



Source: Financial Survey of Pension Schemes from the Office for National Statistics

Public sector DBH scheme expenses as a percentage of assets consistently spike in Quarter 1 (Jan to Mar) between 2020 and 2024. This seasonal pattern occurs because local government pension scheme investment management costs are accounted at financial year end rather than spread across the whole year. Furthermore, for local government pension schemes any reconciliation of the annual accounts against the quarterly returns are made to expenses at the end of each financial year (Quarter 1). Almost all local government pension schemes show an increase in expenses during Quarter 1, and they make up the majority (more than 90%) of the public sector DBH universe.

There has been a slight rise in private sector DBH pension scheme expenses as a percentage of assets across the timeseries. This increase is predominantly because there has been a decrease in total assets for private sector DBH schemes rather than an increase in expenses. Private sector DBH total assets excluding derivatives decreased from £1,957 billion to £1,327 billion (32%) between 30 September 2021 and 31 March 2024. In recent quarters, private sector DBH expenses as a percentage of assets are comparable with private sector DC pension schemes.

Private sector DC pension scheme expenses as a percentage of assets has been broadly consistent across the timeseries, with higher expenses reflecting higher total assets. The spike in the Quarter 1 2023 estimate is caused by one-off expenses for a small number of large DC schemes.

8 . Data on funded occupational pension schemes

[Funded occupational pension schemes in the UK](#)

Dataset | Released 19 September 2024

Dataset including estimates on membership, contributions, benefits, expenses, assets (including overseas) and liabilities of UK funded occupational pension schemes from Quarter 3 (July to Sept) 2019 to Quarter 1 (Jan to Mar) 2024.

9 . Glossary

Buy-in

A buy-in is an arrangement whereby the pension scheme trustees "buy-in" to an insurance policy to cover all or part of their pension liabilities. By contrast with a buyout, the members covered by a buy-in remain in the scheme and the scheme continues to be responsible for paying their pensions. The insurance policy is held as an asset by the scheme to cover its liabilities in respect of these pensions.

Buyout

A buyout is an agreement between an occupational pension scheme and an insurance company where all or part of the scheme's membership, together with the scheme's liability to pay the members' pension entitlements and related assets, are transferred to an insurance company. The Financial Survey of Pension Schemes (FSPS) asks that buyouts (but not buy-ins) be recorded as part of group or bulk transfers out of the scheme.

Defined benefit

A defined benefit (DB) pension is one in which the rules of the scheme specify the rate of benefits to be paid. The most common DB scheme is a final salary scheme in which the benefits are based on the number of years of pensionable service, the accrual rate, and the final salary. An alternative to the final salary scheme is the Career Average Revalued Earnings (CARE) scheme, which is also a DB scheme.

Defined contribution

A defined contribution (DC) pension is one in which the benefits are determined by the contributions paid, the investment return on those contributions (less charges) and the type of annuity purchased upon retirement, if any. It is also known as a money purchase pension.

Funded scheme

A funded scheme is one in which benefits are met from a fund built up in advance from contributions and investment income. Such schemes have assets, even if these are not sufficient to meet all their liabilities, by contrast with unfunded schemes, in which liabilities are not underpinned by assets.

Hybrid scheme

A hybrid scheme is an occupational pension scheme where members have either a choice, or mixture, of DB and DC pension entitlements. In a "pure" hybrid arrangement, members receive benefits that are a mixture of DB and DC. In a "mixed hybrid" scheme, there are separate DB and DC groups of members (often organised in separate sections of the scheme).

Liability driven investment

A liability driven investment (LDI) is an approach to investing pension scheme assets that is designed to match the scheme's pension liabilities, including managing uncertainty relating to interest rate and inflation risk.

Occupational pension schemes

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

[A full glossary](#) of terms is available.

10 . Data sources and quality

Data source

The [Financial Survey of Pension Schemes \(FSPS\)](#) is a quarterly survey that gathers information about membership, income and expenditure, transactions, and assets and liabilities of UK funded occupational pension schemes.

Coverage

All occupational schemes for private sector employees are within the scope of the survey, but the survey does not include all occupational schemes for public sector employees. Funded schemes for public sector employees such as the Local Government Pension Scheme (LGPS) are included, but unfunded schemes such as those for civil servants, teachers, and NHS staff are not.

We present results for pension schemes for private sector employees (including those covered by the Pension Protection Fund) versus those for public sector employees, and by defined benefit including hybrid pensions versus defined contribution pensions. We use the term "schemes for public sector employees" but strictly speaking, these are government managed pension schemes.

There are no defined contribution funded occupational pension schemes for public sector employees. Therefore, we present three categories:

- public sector employee schemes (which are defined benefit and hybrid schemes)
- private sector employee defined benefit and hybrid schemes
- private sector employee defined contribution schemes

Sample

We carry out the FSPS using a stratified random sample from The Pensions Regulator (TPR) register of UK-based pension schemes. Strata are defined based on the benefit type and membership size band of the scheme or scheme section. Data from the sample are then appropriately weighted, also accounting for non-response, to estimate UK funded occupational pension schemes.

We update our sample periodically to reflect changes in the UK pensions landscape. We do this by obtaining an updated register of UK-based pension schemes from TPR. We used a new sample for data collected for Quarter 1 (Jan to Mar) 2024. This sample will be used for at least six quarters.

Estimates in upcoming quarters may be subject to greater revisions. As we receive new information from respondents, we can improve our estimates for earlier quarters. This may occur as newly selected schemes improve their understanding of the questionnaire and are better able to report in line with our requirements.

Weighting and estimation

Information on the sampling and weighting and estimation methods for the FSPS can be found in Section 5 of our [UK pension surveys article](#).

Revisions

Our [National Accounts Revisions Policy](#) is available to assist users with their understanding of the cycle and frequency of data revisions. You are strongly advised to read this policy before using these data for research or policy-related purposes.

Response rates

The response rate for Quarter 4 (Oct to Dec) 2023 and Quarter 1 2024 for the FSPS, for the latest results run, was 84% and 78% respectively. Please note that even though the response date has passed, it is possible for there to be revisions to submissions for previous quarters, and for late submissions to be provided. However, estimates up to and including Quarter 1 2023 will not be subject to further revisions.

More quality and methodology information

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in our [Funded occupational pension schemes in the UK Quality and Methodology Information \(QMI\) report](#).

View more information on [how we measure and communicate uncertainty for our surveys](#).

Accredited official statistics

Funded occupational pension schemes in the UK data are accredited official statistics. These accredited official statistics were independently reviewed by the Office for Statistics Regulation in January 2023. They comply with the standards of trustworthiness, quality, and value in the [Code of Practice for Statistics](#) and should be labelled "accredited official statistics".

11 . Related links

[Financial Survey of Pension Schemes](#)

Survey | Updated 7 June 2024

A quarterly survey that gathers information about income and expenditure, transactions, assets, and liabilities of UK-funded occupational pension schemes.

[Funded occupational pension schemes in the UK, current and upcoming work: January 2023](#)

Article | Released 11 January 2023

Updates on the development of funded occupational pension schemes statistics, including progress made against the requirements to be designated National Statistics.

[Employee workplace pensions in the UK](#)

Bulletin | Annual

Membership to workplace pension arrangements for UK employees, using data from the Annual Survey of Hours and Earnings (ASHE).

12 . Cite this statistical bulletin

Office for National Statistics (ONS), released 19 September 2024, ONS website, statistical bulletin, [Funded occupational pension schemes in the UK: October 2023 to March 2024](#)