

Statistical bulletin

# Employee workplace pensions in the UK: 2021 provisional and 2020 final results

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



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# 1 . Main points

- The workplace pension participation rate in the UK was at 79% (22.6 million employees) in April 2021, up slightly from 78% in 2020; a growth partly explained by increased public sector employment driven by the government's response to the coronavirus (COVID-19) pandemic.
- In April 2021, the gap in employee workplace pension participation rates between the public (91%) and private sectors (75%) was among its lowest levels, mainly driven by increased participation in the private sector up from 32% in 2012.
- Employee participation in workplace pensions reflects the automatic enrolment (AE) age (aged 22 years to State Pension age) eligibility; in April 2021, around 8 in 10 eligible employees had a pension compared with 2 in 10 employees aged 16 to 21 years, and 4 in 10 aged State Pension age and over.
- In April 2021, workplace pension participation was the lowest for private sector full-time employees earning £100 to £199 per week (43%), likely influenced by AE earnings and age eligibility criterion; participation was 88% for equivalent earners in the public sector.
- Accommodation and food services had the lowest participation rate in April 2021 (51%) but saw one of the largest increases (46 percentage points) in any industry since April 2012; participation rate will reflect the characteristics of employees in this industry relating to their age and income, affecting eligibility for AE.

Statistics in this bulletin cover the 21 April 2021 when approximately 3.7 million employees were on furlough under the Coronavirus (COVID-19) Job Retention Scheme. In 2020, approximately 8.8 million employees were furloughed. Therefore, the estimates for 2020 and 2021 are subject to more uncertainty.

## 2 . Participation trends

The workplace pension participation rate in the UK was at 79% (22.6 million employees) in April 2021, up slightly from 78% in 2020. This increase was, in part, explained by increased public sector employment driven by the government's response to the coronavirus (COVID-19) pandemic. For more information, see [our Public sector employment, UK: December 2021 bulletin](#).

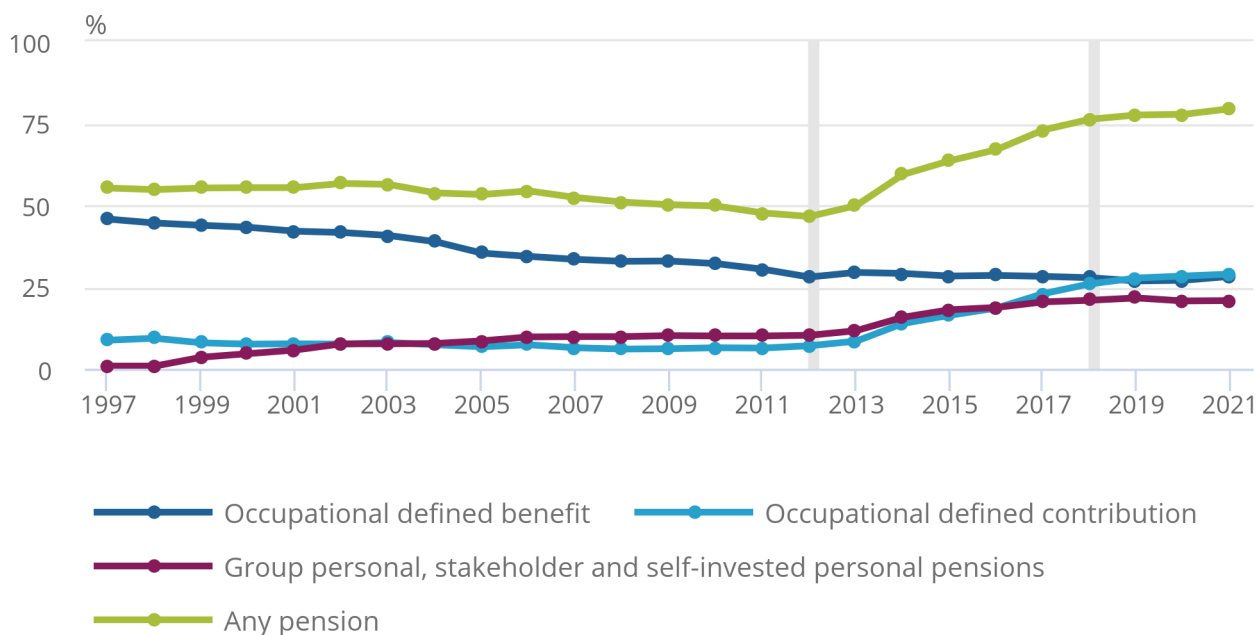
The trend in participation has stabilised in recent years. This followed steady growth since 2012 after the phased introduction of automatic enrolment (AE) between October 2012 and February 2018. This was a policy introduced by the government to help more people save for retirement. This legislation requires UK employers to automatically enrol eligible employees into a qualifying workplace pension. Prior to this, participation levels were at 47% in 2012 compared with 79% in April 2021. This shows the impact of workplace pension reforms on private pension provision.

**Figure 1: Workplace pension participation rates are stabilising with slight growth during the coronavirus (COVID-19) pandemic period**

Proportion of employees with workplace pension by type of pension, UK, 1997 to 2021

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Proportion of employees with workplace pension by type of pension, UK, 1997 to 2021



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

Increased participation in occupational defined contributions (DC) pensions is the main contributor to overall growth in workplace pension participation since 2012. This has resulted in DC pensions being dominant since 2019.

DC pensions are typically offered by employers to meet AE qualifying scheme requirements. In the year to April 2021, employee participation in DC pensions grew by 1 percentage point to 29%.

Prior to 2019, occupational defined benefit (DB) pensions were the dominant pension among employees. However, it has seen limited growth, including a small decline over the past decade. In the year to April 2021, participation has grown by 1 percentage point to 28%. This was driven by increased employment in the public sector, as the NHS and civil service responded to the coronavirus (COVID-19) pandemic.

There are differences between DB and other pension types in terms of contribution and benefits in retirement. Therefore, the average value of a DB pension is typically larger than a DC pension. For more information see [Section 7: Glossary](#).

### 3 . Membership by sector

Since the roll out of automatic enrolment (AE) in October 2012, the difference in workplace pension participation between the public and private sectors narrowed considerably. It narrowed from 51 percentage points in 2012 to 17 percentage points in April 2021. This was driven by increased participation in the private sector, from 32% in 2012 to 75% in 2021 (an increase of 43 percentage points).

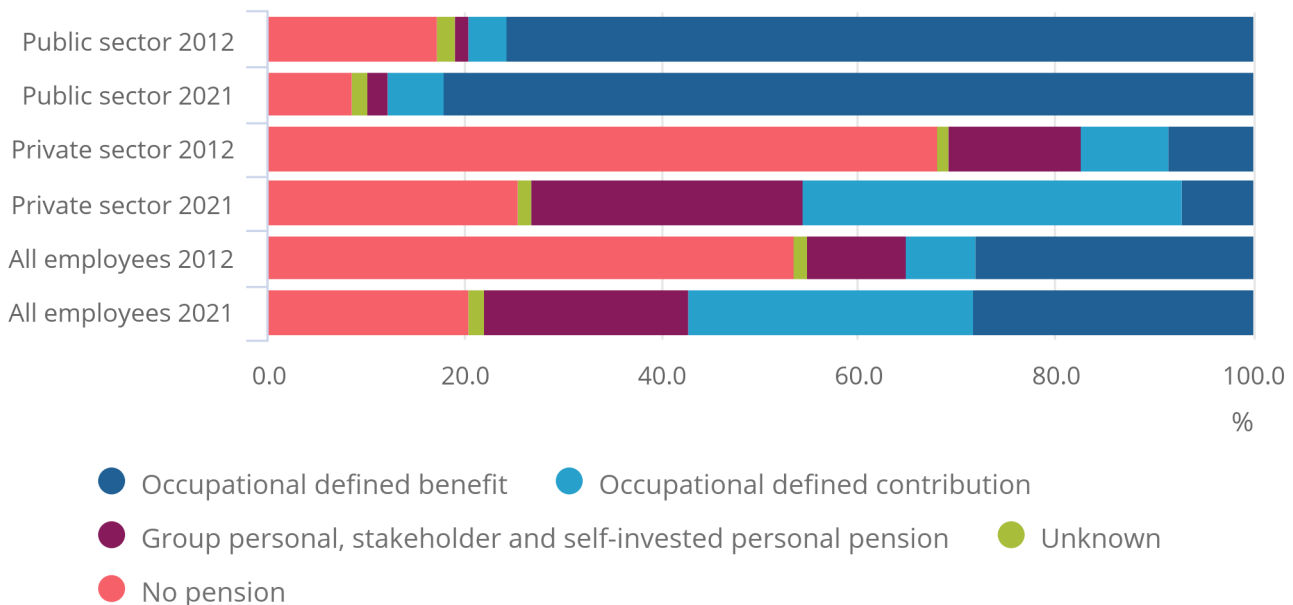
There was a smaller growth in public sector participation since 2012, rising from 83% to 91% in 2021.

**Figure 2: The gap in workplace pension participation between the public and private sector has narrowed since the roll out of the automatic enrolment**

Proportion of employees with workplace pension by type of pension and sector, UK, 2012 and 2021

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Proportion of employees with workplace pension by type of pension and sector, UK, 2012 and 2021



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

Notes:

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

In the private sector, 39% of employees contributed to defined contribution (DC) pensions, up 2 percentage points since April 2020. Employee participation in defined benefit (DB) pensions decreased to 7% from 8% in April 2020.

In the public sector, 82% of employees contributed to DB pensions, up 2 percentage points since April 2020. This was mainly driven by more employees contributing to a pension as opposed to not contributing.

Differences in pension type by sector may explain disparities in estimates of average-active workplace pension value in 2018 to 2020. For employees with a workplace pension, the average value was £65,400 in the public sector compared with £10,300 in the private sector. For more information see [our Pension wealth: wealth in Great Britain dataset](#), published 7 January 2022.

## Age

In April 2021, the employee workplace pension participation rate was highest for the age group of those aged 40 to 49 years at 86%. Participation rates were similar in each age group between those aged 22 years to State Pension age (SPA). There was small growth (between 1 and 2 percentage points) in participation across all age groups since the previous year.

In each age group between those aged 22 years to SPA, the participation rate of public sector employees was around 10 percentage points higher than for private sector employees.

Employees aged 16 to 21 years and those SPA and over had lower levels of participation. This is likely explained by AE age eligibility criterion, which requires employees to be at least aged 22 years to SPA. It is important to note that non-eligible jobholders are not automatically enrolled. However, they can choose to opt-in to a workplace pension and receive a mandatory employer contribution.

In April 2021, differences in participation between the public and private sectors for these age groups are much larger. The employee workplace participation rate was lowest for those aged 16 to 21 years at 20% (a 1 percentage point growth from the previous year). This was driven by employees in the private sector ([a higher proportion of young employees work within the private sector](#)) where participation was 16%. This was at least five times lower than in the public sector (82%).

For employees of state pensionable age and over, the participation rate was at 40% in April 2021. This was a rise of 5 percentage points since April 2020, driven by increases for this age group in both the public and private sectors.

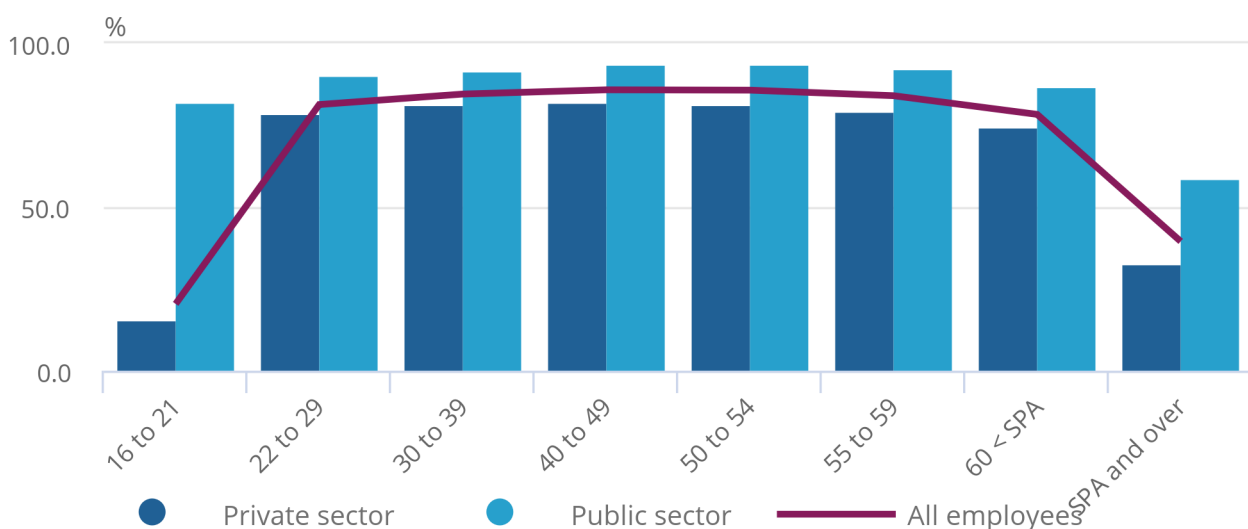
For more information on the SPA, see [GOV.UK's State Pension age timetables \(PDF, 48 KB\)](#). For more information on the AE age, see [GOV.UK's Workplace pensions page](#).

**Figure 3: Workplace pension participation rate was highest for those aged 40 to 49 years with participation levels similar for those aged 22 years to SPA**

Proportion of employees with workplace pension by age group and sector, UK 2021

Figure 3: Workplace pension participation rate was highest for those aged 40 to 49 years with participation levels similar for those aged 22 years to SPA

Proportion of employees with workplace pension by age group and sector, UK 2021



## Full-time earnings

In April 2021, the public sector had a higher rate of workplace pension participation for full-time employees across all earnings bands compared with the private sector.

In the public sector, the lowest earning band (£100 to £199 gross per week) had the lowest participation rate at 88%.

In the private sector, the likelihood of having a workplace pension increases with earnings. Those earning the most (£600 and over per week) have the highest participation level at 89%; a similar rate to those earning the least in the public sector.

Only 43% of the lowest earning full-time private sector employees (earning £100 to £199 per week) were participating in a pension. This was around half the rate of equivalent earners in the public sector.

The earnings trigger for AE eligibility has been £10,000 since the financial year ending (FYE) 2015, equivalent to £192 per week. This means that most employees in the lowest earning band were not eligible for AE.

The distribution of employee jobs is skewed by age group and sector. The private sector is likely to have more younger workers, as detailed in [our Public and private sector earnings article](#), published 23 September 2020. As AE eligibility rules relate to both age and earnings, private sector employees in the lowest earning bands are least likely to be eligible for automatic enrolment.

For more information on the earnings trigger for AE eligibility, see the [Department for Work and Pensions' Background information and methodology: Workplace pension participation and savings trends statistics](#).

### Figure 4: Only 43% of full-time private sector employees earning £100 to £199 per week were participating in a pension

Proportion of full-time employees with workplace pensions by gross weekly earnings bands and sector, UK 2021

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Proportion of full-time employees with workplace pensions by gross weekly earnings bands and sector, UK 2021



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





## Working pattern

In April 2021, across all working patterns, participation level by gender is almost equal (80% of men and 79% of women). Since April 2020, there was a slight increase in the participation rates for both men and women. This was primarily driven by increased participation among private sector part-time employees.

By working pattern, 87% of full-time employees are participating in a workplace pension versus 61% part-time employees.

**Figure 5: Full-time employees are much more likely to have a workplace pension, 87% compared with part-time employees, 61%**

Proportion of employees with workplace pensions, by sector, working pattern and sex, UK, 2021

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

### Notes:

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

In April 2021, the workforce pension participation rates of full-time employees were similar for men and women, at 86% and 88% respectively. A higher proportion of full-time public sector employees had a workplace pension (94%), compared with the private sector (84%); unchanged since the previous year.

In April 2021, the gender gap in employee workplace pension participation for part-time employees was larger, with 65% of women and 49% of men participating. A higher proportion of part-time public sector employees had a workplace pension compared with the private sector, at 84% and 50% respectively.

Since April 2020, the participation rate among part-time private sector employees increased by 3 percentage points for both men and women. Across both sectors, the gender gap is similar. Participation rates of women in the public sector were at 86% compared with men at 75%, and women in the private sector at 54% compared with men at 44%.

Since April 2020, the participation rate among part-time private sector employees increased by 3 percentage points for both men and women.

The difference in pension participation between working patterns, and the larger gap between sectors for part-time employees, is partially explained by AE earnings eligibility criteria. Part-time employees are more likely to be earning less than the AE minimum threshold of £10,000. The lowest-earning 40% of private sector employees in 2021 were earning less than £8,926 annually compared with £12,350 in the public sector. For more information see [our Earnings and hours worked, public and private sector: ASHE Table 13 dataset](#), published 26 October 2021.

## 4 . Membership by Industry

Public administration and defence, an industry with high public sector employment, had the highest level of employee workplace pension participation prior to automatic enrolment (AE) in 2012 (91%). It remained among the highest in April 2021 (94%). Other industries with high public sector employment, such as education, tended to have high levels of workplace pension participation in both periods.

Industries with the least workplace participation in 2012 such as arts, entertainment and recreation, accommodation and food services (hospitality), and administrative and support services (administration) operated predominantly in the private sector. They saw the largest increases in participation since 2012, at least 40 percentage points by April 2021. Hospitality and arts and entertainment continued to grow since the previous period but remained at the lower end of workplace pension participation.

For more information on industries and their employment structure by sector, see [our Broad Industry Group \(SIC\) -- Business Register and Employment Survey \(BRES\): Table 1 dataset](#), published 29 September 2022.

Differences in gross weekly earnings and employee age profile by industry could be linked to variations in participation. Industries with the lowest participation have the highest proportions of young employees (aged under 24 years) and lower average earnings, as AE eligibility criterion uses earnings and age thresholds.

For more information on gross weekly earnings, see [our EARN07: Gross weekly earnings by industry dataset](#), published 15 February 2022. For more information on employee age profile, see [our Employment by age, industry and occupation, UK, 2010, 2015 and 2019 74.7 KB xlsx](#) release, published 6 November 2020.

### **Figure 6: Workforce pension participation rates across industries reflect the profile of employees working in those industries**

Proportion of employees with workplace pension by industry, UK, for 2012 2020 and 2021

#### Notes:

1. Industries as defined by the Standard Industrial Classification 2007.

#### Download the data

[.xlsx](#)

## 5 . Membership by International Territorial Level 2 regions

In April 2021, workplace pension participation for all 40 International Territorial Level 2 (ITL2) regions in Great Britain was relatively similar. The gap between the regions with the highest participation rate and the lowest regions was 14 percentage points.

The ITL2 regions of Eastern Scotland (85%), Southern Scotland (84%) and Inner-London West (84%) had the highest pension participation rate. Whilst Outer London, East and North East within the London region, had the lowest at 71% in April 2021.

### **Figure 7: For all 40 ITL2 regions in Great Britain pension participation is relatively similar with the gap between the highest and lowest regions being 14 percentage points.**

Proportion of employees with workplace pensions by International Territorial Level 2 regions by place of work, 2021

#### Download the data

[.xlsx](#)

## 6 . Employee workplace pensions data

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

Dataset | Released 20 April 2022

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

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

Dataset | Released 20 April 2022

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

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

Dataset | Released 20 April 2022

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

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

Dataset | Released 20 April 2022

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

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

Dataset | Released 20 April 2022

Membership and contributions to workplace pension arrangements for UK employees, by type, age, industry, public and private sector, occupation, and size of company. View all data used in this statistical bulletin on the Related data page.

## 7 . Glossary

### Private pension

A pension other than the state pension (made up of the Basic State Pension and the additional state pension). It includes all workplace (occupational or group personal pensions, including those for public sector employees) and individual personal pensions.

### Workplace pension

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

### Occupational pension scheme

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). It is to provide benefits for employees on their retirement and for their dependants on their death. Occupational pensions are also referred to as trust-based and are a form of workplace pension.

### Defined benefit scheme

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

## Defined contribution scheme

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

## Group personal pension (GPP)

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

## Group self-invested personal pension (GSIPP)

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

## Group stakeholder pension (GSP)

A group stakeholder pension (GSP) is an arrangement made for the employees of a particular employer, or group of employers, to participate in a stakeholder pension on a group basis. This is a collecting arrangement only; the contract is between the individual and the pension provider, normally an insurance company. GSPs are a form of workplace pension. Group stakeholder pensions were first introduced in 2001.

## Personal pension

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

## Inter-Departmental Business Register (IDBR)

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

## Standard Industrial Classification (SIC)

The current [Standard Industrial Classification \(SIC\)](#) is used in classifying business establishments and other statistical units by the type of economic activity in which they are engaged.

## International Territorial Levels (ITL)

The [International Territorial Levels \(ITL\)](#) is the new UK geographies classification system. This has superseded the Nomenclature of Units for Territorial Statistics (NUTS) classification system. The ITL structure mirrors NUTS. There are 41 ITL2 regions including Northern Ireland.

## 8 . Measuring the data

The estimates in this bulletin are based on information gathered from a sample of 1% of employees in the UK. Prior to the coronavirus (COVID-19) pandemic, the achieved sample size for the Annual Survey of Hours and Earnings (ASHE) was approximately 180,000 each year. However, given the challenges to data collection during the coronavirus pandemic and response rates not recovering, the final achieved sample size was 144,000 for 2020 and 140,000 for 2021. As such, ASHE estimates for 2020 and 2021 are subject to more uncertainty than usual.

All estimates for 2021 are provisional and relate to the pay period that includes 21 April 2021, at which time 3.7 million employees were furloughed under [HM Revenue and Customs' Coronavirus Job Retention Scheme \(CJRS\)](#), published 18 September 2020. For 2020 this was 8.8 million.

Further information on achieved sample size and revised exclusion criteria can be found in [our Employee earnings in the UK: 2021 bulletin](#).

The 2020 and 2021 ASHE estimates have been weighted using the new reweighted Labour Force Survey (LFS) weights from July 2021. You can find out more in [our Impact of reweighting on Labour Force Survey key indicators, UK: 2020 article](#).

The Annual Survey for Hours and Earnings (ASHE) is based on employer responses for a 1% sample of employee jobs. It uses HM Revenue and Customs' Pay As You Earn (PAYE) records to identify individuals' current employer. Employee membership in ASHE is measured in terms of "employee jobs" rather than individuals, and individuals may have more than one job. Data from the ASHE is available from 1997 onwards only. However, it is the most useful source of information because it covers all workplace pensions: occupational pension schemes, group personal pensions (GPPs), group stakeholder and group self-invested personal pensions.

As ASHE only covers workplace pensions, which are those that are either provided or facilitated by employers, it does not cover individual personal or stakeholder pensions. This is where individuals enter into a contract with an insurance company that is not facilitated by an employer. Nevertheless, ASHE may overestimate pension scheme membership as its sample is drawn from the PAYE system. This is because low-paid workers earning below the PAYE threshold, who are less likely to belong to a pension, may be under-represented.

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

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

ASHE collects information from employers on employee jobs, although they are referred to in this bulletin as "employees". For further information on ASHE please see [our Annual Survey of Hours and Earnings, Low Pay and Annual Survey of Hours and Earnings pension results QMI](#), published 25 October 2018.

The ASHE QMI report contains information on:

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

Further background information is available from [our Annual Survey of Hours and Earnings methodology and guidance](#), published 4 February 2016.

## 9 . Related links

### [Employee earnings in the UK: 2021](#)

Bulletin | 26 October 2021

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

### [Workplace pension participation and savings trends: 2009 to 2020](#)

Bulletin | 21 September 2021

Annual statistics including detailed breakdowns of measures for increasing the number of savers and increasing the amount of savings.

### [Funded occupational pension schemes in the UK: April 2021 to June 2021](#)

Bulletin | 21 December 2021

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