

# Northern Ireland Annual Survey of Hours and Earnings Pensions Results 2018

## Key points

- The proportion of employees in Northern Ireland who belonged to a workplace pension scheme increased over the year to 74%. This is the 6th consecutive year of increases in pension membership.
- The increase in the proportion of employees belonging to a workplace pension scheme was due to increases in membership of Occupational Defined Benefit and Occupational Defined Contribution pensions.
- Occupational Defined Benefit pensions have been the most common form of workplace pension for the past ten years, varying between 26% and 36%. However, the second most common pension, Occupational Defined Contribution pensions has increased sixfold in the last ten years, from 4% to 24%.
- Nine out of ten public sector employees (90%) and two out of three (65%) private sector employees were members of a workplace pension scheme. This is an increase of 10 percentage points (pps) for public sector and 42pps for private sector employees since the introduction of automatic enrolment six years ago.
- Pension membership varies widely by industry, with those employed in 'public administration and defence' most likely to have a pension (96%), and those in 'Accommodation and food service activities' least likely (44%).

**Geographical Area:** Northern Ireland

**Frequency:** Annual


**Theme:** Labour Market

**Date:** April 2019

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# Contents

1	Summary	2
2	Workplace pension membership	6
3	Public and private sector	7
4	Age	8
5	Gender	9
6	Working pattern	10
7	Occupation	11
8	Industry	12
9	Definitions	13
10	Further information	15
11	Index of tables	17



## NATIONAL STATISTICS STATUS

National Statistics status means that our statistics meet the highest standards of trustworthiness, quality and public value, and it is our responsibility to maintain compliance with these standards.

These statistics were designated as National Statistics in September 2011 following a full [assessment](#) against the [Code of Practice](#).

Since the assessment by the UK Statistics Authority, we have continued to comply with the Code of Practice for Statistics, and have made the following improvements:

- Redesigned the Pensions Bulletin, improving the commentary, analysis and presentation, and providing more context.
- Removed pre-release access to enhance trustworthiness.
- Updated the ASHE web page to make it more accessible for users.
- Ensured that users were informed of the confidential nature of the survey.
- Provided all users with the option to respond electronically to the survey.

# 1 Summary of pension scheme membership in NI

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## Current position

The pension results from the Annual Survey of Hours and Earnings (ASHE) in 2018 showed that:

- 74% of employees in Northern Ireland (NI) belonged to a workplace pension scheme
- The most common form of workplace pension was an Occupational Defined Benefit Pension, held by nearly one third of employees (31%)
- A higher proportion of public sector employees (90%) than private sector employees (65%) were members of a workplace pension scheme
- Pension membership was highest for those aged 30-59 (over 80%) and lowest for those aged 18-21 years old (16%)
- Full-time employees had a higher percentage of workplace pension participation than part-time employees (83% compared with 51%)
- Those in professional occupations were most likely to have a pension (89%) whilst those in Sales and customer service occupations were least likely (49%)
- Almost all of those employed in 'Public administration and defence' belonged to a workplace pension (96%). In contrast, 44% of employees in 'Accommodation and food service activities' did.

## Change over year

ASHE pension results show that, over the year to 2018:

- The proportion of employees belonging to a workplace pension increased by 6pps to 74%
- The proportion of private sector employees with Occupational Defined Contribution pensions increased from 29% in 2017 to 36% in 2018
- Only two industries (out of 14) saw a decline in workplace pensions; information and communication (down 2pps to 80%) and public administration and defence (down 1pp to 96%).

## Change over past six years

Automatic enrolment of all eligible employees into a qualifying workplace pension scheme was introduced in October 2012. Since April 2012:

- Pension membership has increased from 44% to 74% in 2018
- Membership of Occupational Defined Contribution and Group Personal pensions has increased (by 19pps and 8pps)
- Membership of Occupational Defined Benefit has remained unchanged
- The proportion of private sector employees with workplace pensions has increased from 23% in 2012 to 65% in 2018
- The 22-29 year age group has shown the largest increase since 2012, increasing by 49pps
- Process plant & machine operatives saw the largest increases in workplace pensions membership, increasing by 48pps
- Administrative and support service activities has increased by 56pps and Agriculture, forestry and fishing by 52pps.

## Commentary

The most recent results show an increase over the year in the proportion of employees belonging to a workplace pension (+6pps), to almost three quarters of employees. This is the 6th consecutive year of increases in pension membership.

The proportion of employees in Northern Ireland (NI) who belonged to a workplace pension scheme was relatively steady until 2012, however, since then the proportion has increased from 44% to 74% in 2018. This increase is consistent with pension reforms (the Automatic Enrolment of eligible employees into a workplace pension scheme) introduced in October 2012.

Although Occupational Defined Benefit has remained the most common pension scheme in the past ten years, it has been increases in Occupational Defined Contribution and Group Personal pensions that has led to the overall increase in pension membership.

Over the year there were increases in pension membership across all age groups and for both males and females. Similarly there were increases for both the private and public sector and most industry and occupation groups. This is broadly consistent with trends over the last six years. Of note are the larger increases in the private sector, among young people and those in lower paid occupations and industries.

## **Context**

The Annual Survey of Hours and Earnings (ASHE) is a UK wide survey that provides a wide range of information on earnings, including workplace pension type by age, gender, occupation and industry. This report presents provisional results from the pension's element of the 2018 Northern Ireland ASHE. The reference date for the latest survey was the pay-week (or other pay period if the employee was paid less frequently) that included 18<sup>th</sup> April 2018. Full details of the Northern Ireland survey can be found on the ASHE section of the NISRA Economic and Labour Market Statistics website: [Annual Survey of Hours and Earnings](#)

ASHE collects information on employee membership of the current employer's pension scheme. This does not include preserved rights in any former employer's pension scheme or pensions paid by a former employer. Employees are defined as making contributions to a workplace pension if they have made a contribution, or had a contribution made on their behalf, in the survey reference period.

Detailed tables on pensions from the 2018 and 2017 (revised) surveys are published alongside this bulletin and can be found on the NISRA Economic and Labour Market Statistics website at: [Annual Survey of Hours and Earnings - Pensions](#)

## **Workplace pension reforms**

The [Pensions Act 2014](#) was an update of the [Pensions Act 2008](#) which put in place a framework for workplace pension reform designed to increase private pension saving in the UK. One of the main reforms was that, from October 2012, all eligible employees were to be automatically enrolled into a qualifying workplace pension scheme (although workers were able to opt out of their employer's scheme if they wish). This bulletin provides comparative analysis between the most recent year and 2012, the reporting period prior to the initial introduction of automatic enrolment.

[Automatic enrolment](#) applies to eligible employees aged between 22 years and [State Pension age](#) who are not already participating in a qualifying workplace pension scheme. When automatic enrolment was introduced in October 2012, eligible employees were those earning more than £8,105 per year (threshold increased to £10,000 in April 2016). It was introduced in [stages](#), based on the size of the employer's PAYE scheme on 1 April 2012, beginning with those employers with 250 or more employees and rolling-out to all employers by February 2018. At the time of the ASHE 2018 survey, the roll-out of automatic enrolment was complete,

Further information on automatic enrolment can be found on the NI Direct website at: [Enrolling into a pension at work](#)

# 2 Workplace pension scheme membership

## Key findings

- In 2018, 74% of all employees were members of a workplace pension scheme
- Occupational Defined Benefit pensions were the most common schemes in the last ten years (31% in 2018)
- Year on year increases in total pension membership over the last six years, likely due to the introduction of automatic enrolment
- The increases over recent years have been driven by Occupational Defined Contribution and Group Personal Pension schemes

Figure 1: Proportion of employees with workplace pensions by type of pension, 2008-2018

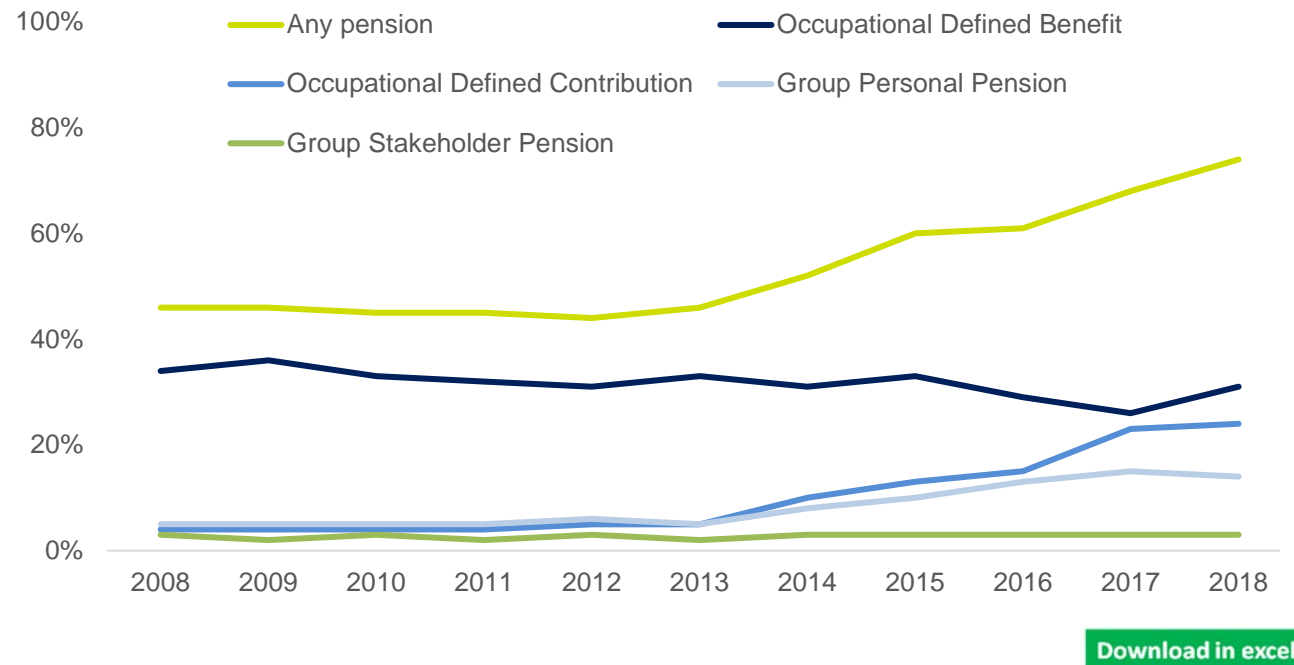


Figure 1 tracks employee workplace pension scheme membership in Northern Ireland since 2008. It shows that:

- The proportion of employees in Northern Ireland who belonged to any type of workplace pension scheme was relatively steady until 2012. Since then there have been significant increases in total membership (30pps over the last six years).
- This was driven by substantial increases in the proportion of Occupational Defined Contribution and Group Personal Pensions schemes.
- The introduction of Automatic Enrolment in 2012 is likely to have been a key factor in this increase. (Further information on automatic enrolment can be found in the Workplace pension reforms section on page 5.)

1. The Occupational Defined Contribution category includes employees who have pensions with the National Employment Savings Trust (NEST).
2. Data for Group Self-Invested Personal Pensions (GSIPP) are included within the Group Personal Pension (GPP) category.

[Download in excel](#)

# 3 Pension membership by public and private sector

## Key findings

- Greater pension participation within the public sector
- Private sector pension membership has almost tripled in the last six years, narrowing the gap with the public sector
- 9 out of 10 public sector employees had a workplace pension

**Figure 2: Proportion of employees with workplace pensions by sector and type of pension, 2012 and 2018**

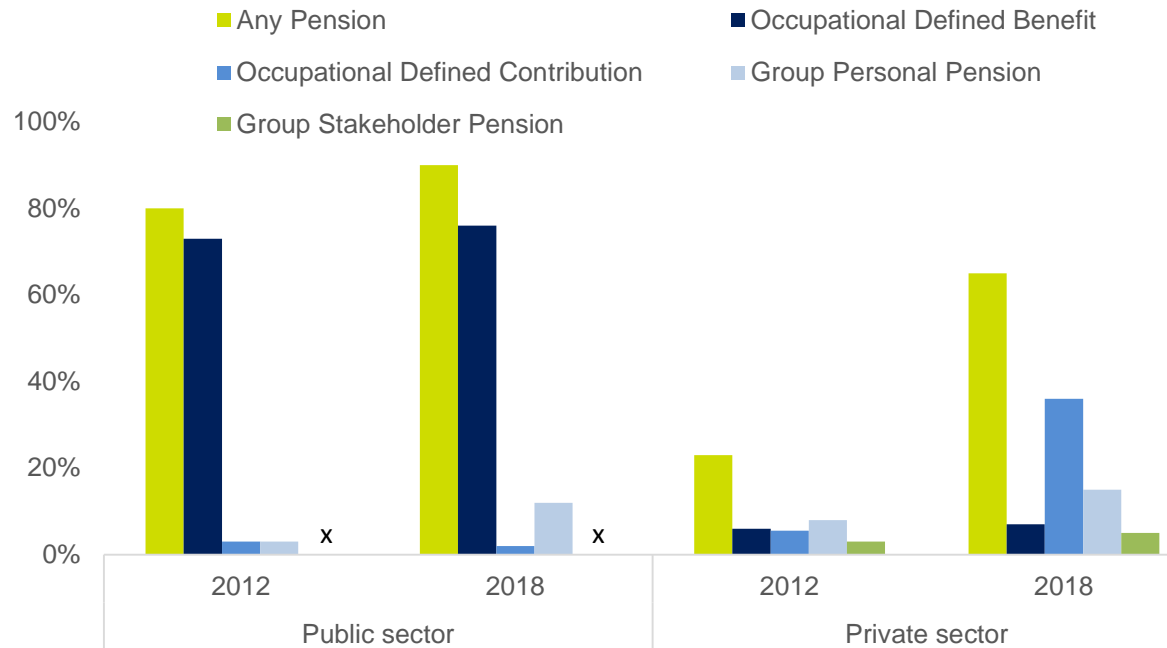


Figure 2 shows that in 2018:

- 90% of public sector employees had a workplace pension, with 76% having an Occupational Defined Benefit pension
- 65% of employees within the private sector had a workplace pension, with 36% having an Occupational Defined Contribution pension
- Occupational Defined Contribution and Group Personal or Stakeholder pensions were more common in the private sector than in the public sector
- 23% of private sector employees had a workplace pension prior to the introduction of automatic enrolment. This increased 42pps by 2018.

1. The Occupational Defined Contribution category includes employees who have pensions with the National Employment Savings Trust (NEST).

2. Data for Group Self-Invested Personal Pensions (GSIPP) are included within the Group Personal Pension (GPP) category.

x = Coefficient of variation too large to provide a reliable estimate.

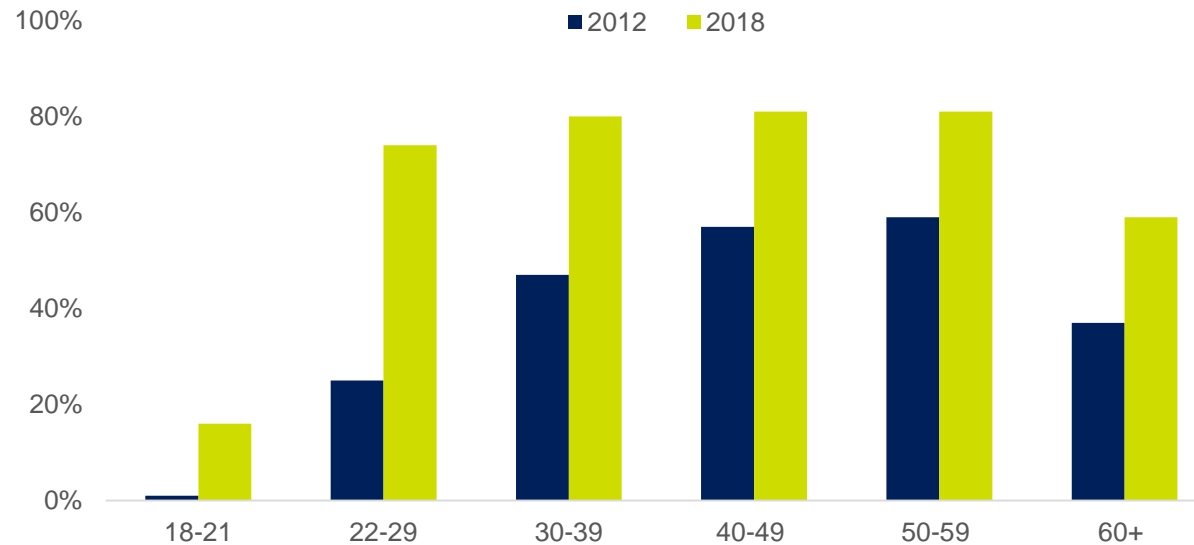
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# 4 Pension membership by age

## Key findings

- Workplace pension scheme membership increases with age up to 60 years
- Over 80% of 30-59 year olds had workplace pension membership in 2018
- 22-29 year olds experienced the largest increase over the last six years

**Figure 3: Proportion of employees with workplace pensions by age band, 2012 and 2018**



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Figure 3 shows that in 2018:

- 22-29 year olds have had the largest increase in workplace pension membership since the introduction of automatic enrolment in 2012, with an increase of 49pps, to 74%
- This is followed by 30-39 years old, who increased by 33pps, to 80% over the six year period
- Although pension membership for employees in their 40's and 50's increased at a lesser rate (24pps and 22pps respectively), these two age bands still recorded the highest proportion of membership (both 81%)
- Those aged 18-21 had the smallest proportion of membership (16%), however this is up 16-fold from 2012 (1%)
- Two thirds (59%) of all employees aged 60 or over were enrolled in a workplace pension.



# 5 Pension membership by gender

## Key findings

- The proportion of females with workplace pensions was slightly higher than males in 2018
- The greatest proportion of males are in Occupational Defined Contribution schemes
- The greatest proportion of females are in Occupational Defined Benefit schemes

**Figure 4: Proportion of employees with workplace pensions by gender and type of pension, 2012 and 2018**

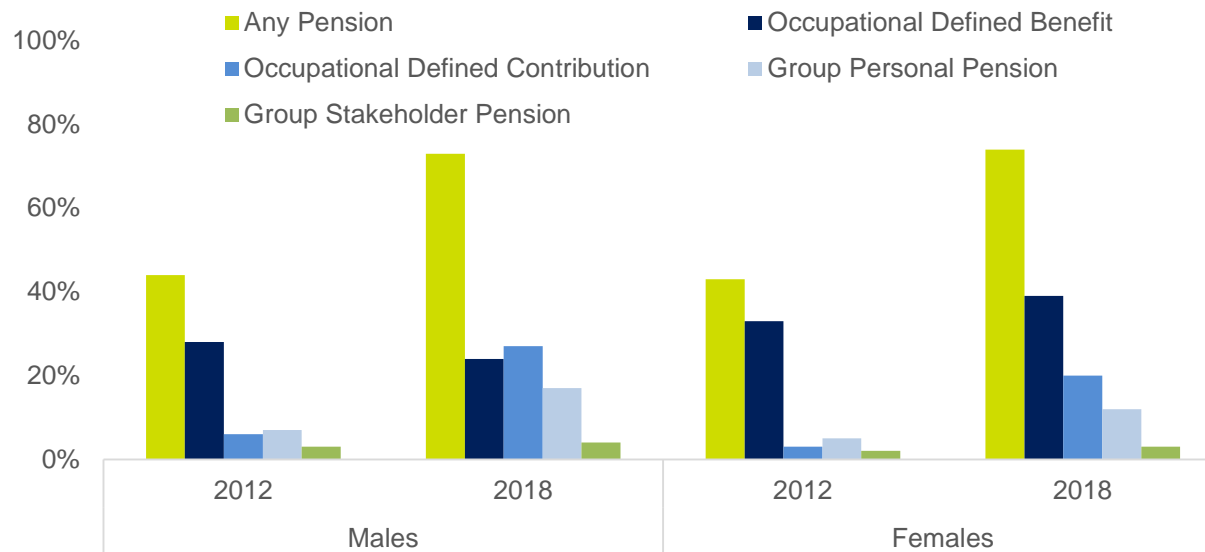


Figure 4 shows that:

- Over the last six years there was a similar increase in the percentage of both males (29pps) and females (31pps) who had a pension
- 73% of males and 74% of females now belong to workplace pension schemes
- Since the introduction of automatic enrolment, Occupational Defined Benefit has remained the most popular pension type for females, whereas Occupational Defined Contribution has become the most popular pension type for males. This is likely to reflect the differing industries and occupations in which males and females work.

1. The Occupational Defined Contribution category includes employees who have pensions with the National Employment Savings Trust (NEST).
2. Data for Group Self-Invested Personal Pensions (GSIPP) are included within the Group Personal Pension (GPP) category.

[Download in excel](#)

# 6 Pension membership by work pattern

## Key findings

- Workplace pension participation is higher among full-time than part-time employees
- In 2018, 83% of all full-time employees were members of a workplace pension scheme
- In comparison, 51% of all part-time employees were members of workplace pension schemes

**Figure 5: Proportion of employees with workplace pensions by working pattern, 2012 and 2018**

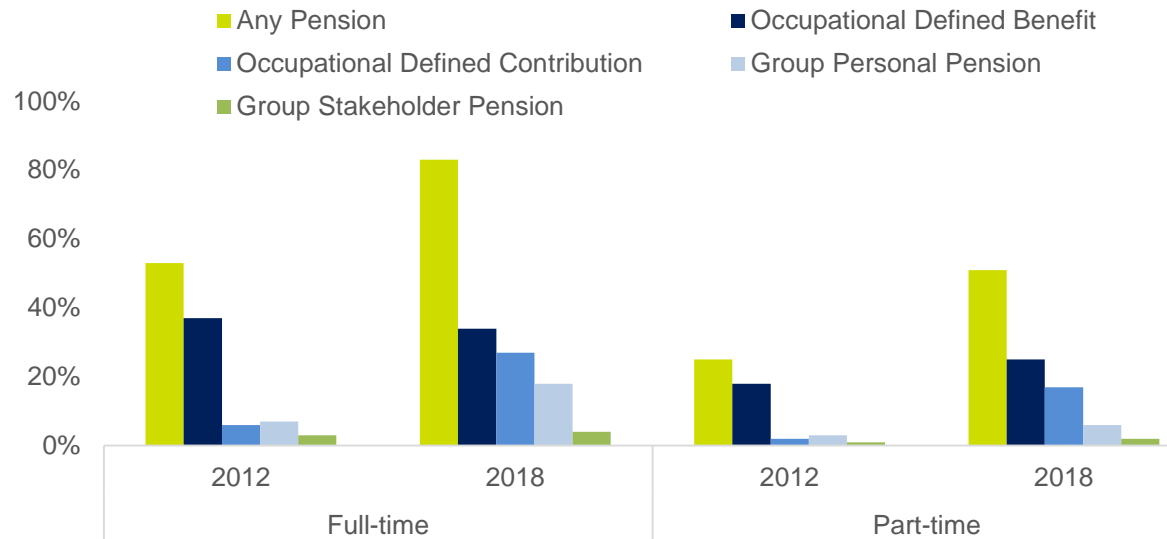


Figure 5 shows that:

- In 2018, 83% of full-time employees were members of a workplace pension scheme, an increase of 30pps over the last six years
- This is higher than the growth of part-time employees with pensions, which has increased by 26pps since 2012 to 51%
- These changes have been driven by increasing membership of Occupational Defined Contribution and Group Personal Pension schemes
- Together, these schemes have increased by 32pps for full-time employees and 18pps for part-time employees since 2012.

1. The Occupational Defined Contribution category includes employees who have pensions with the National Employment Savings Trust (NEST).
2. Data for Group Self-Invested Personal Pensions (GSIPP) are included within the Group Personal Pension (GPP) category.

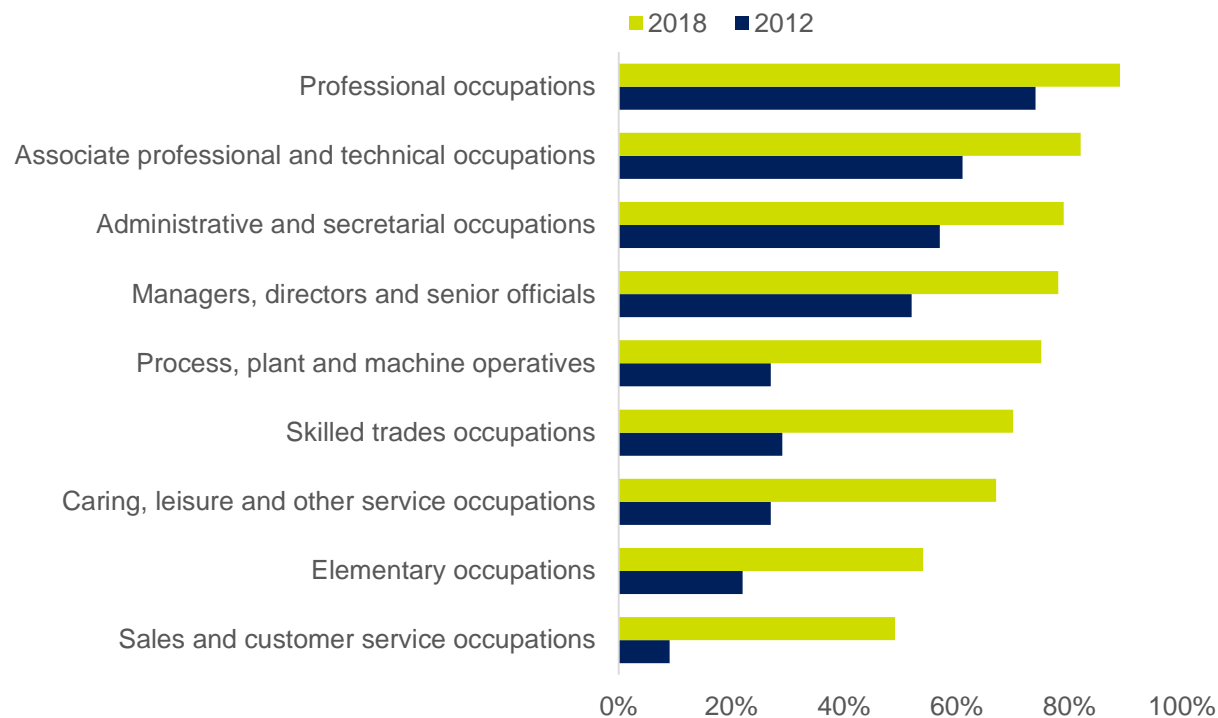
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# 7 Pension membership by occupation

## Key points

- Employees in professional occupations were the most likely to have a workplace based pension
- Those in sales and customer service occupations were least likely to have a workplace pension
- Employees in process, plant and machine operatives have seen the largest increase in pensions participation since 2012

Figure 6: Proportion of employees with workplace pensions by occupation, 2012 and 2018



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Figure 6 shows that:

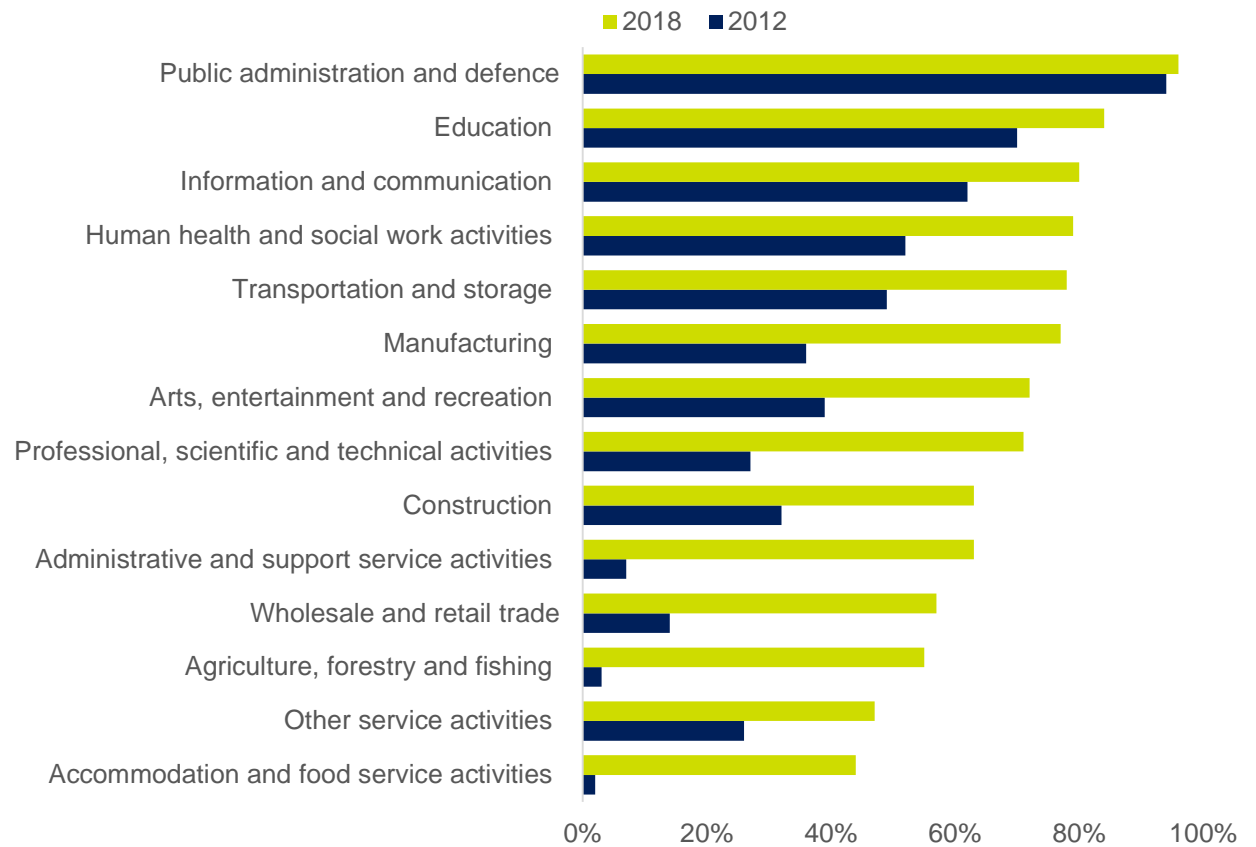
- At 89%, employees in professional occupations remained the most likely to belong to a workplace pension scheme in 2018
- Although the proportion of employees in sales and customer service occupations belonging to a pension has increased more than fivefold since the introduction of automatic enrolment (from 9% in 2012 to 49% in 2018), it still remains the occupation with the lowest participation
- Process, plant and machine operatives saw the largest increase (48pps) over the last six years.

# 8 Pension membership by industry

## Key points

- 96% of employees in public administration and defence were members of a workplace pension scheme
- Accommodation and food services had the lowest rate of participation
- The largest increase since 2012 occurred in administrative and support service activities

Figure 7: Proportion of employees with workplace pensions by industry, 2012 and 2018



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Figure 7 shows that:

- 96% of employees in public administration and defence had a workplace based pension in 2018, only a 1 percentage point increase since 2012
- The accommodation and food service activities industry had the lowest proportion of employees belonging to a workplace based pension in 2018 (44%)
- Administrative and support service activities recorded the largest increase (56pps) over the last six years, closely followed by Agriculture, forestry and fishing (52pps)

# 9 Definitions

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**Automatic enrolment:** Under reforms brought in by the Pensions Act 2008, with updates in the Pensions Acts 2011 and 2014, employers must enrol all eligible employees into a qualifying private pension. Workers can opt out but will be re-enrolled every 3 years and would need to opt out each time. Automatic enrolment has a staged implementation to 2019 and started with the larger employers in 2012. (See also [Pension Trends, Chapter 6: Private Pensions, 2013 edition](#), and [Department for Work and Pensions: Automatic Enrolment Evaluation Review 2017](#)).

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

**Full-time employees:** Those working more than 30 hours each week excluding overtime and main meal breaks (25 hours for teachers and academics).

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

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

investments. GSIPPs are a form of workplace pension. In ASHE, GSIPPs are not collected separately from group personal pensions.

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

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

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

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

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

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

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

**Private sector schemes:** Schemes covering the part of the economy consisting of individuals, firms and other institutions. In ASHE, the

public and private sectors are classified using the legal status from the Inter-Departmental Business Register. ‘All employees’ categories include employees from the public and private sectors plus employees working for organisations classified as non-profit bodies.

**Public sector schemes:** Schemes covering the part of the economy that is state-provided, including central and local government, schooling, health and social services, policing and the armed forces. In ASHE, the public and private sectors are classified using the legal status from the Inter-Departmental Business Register. ‘All employees’ categories include employees from the public and private sectors plus employees working for organisations classified as non-profit bodies.

**Stakeholder pension:** Available since 2001, a flexible, portable, personal pension arrangement (provided by insurance companies) with capped management charges, that must meet the conditions set out in the Welfare Reform and Pensions Act 1999 and be registered with The Pensions Regulator. They can be taken out by an individual or facilitated by an employer. Stakeholder pensions are a form of defined contribution pension.

**Standard Occupational Classification (SOC):** The classificatory system used in the UK to place individuals into occupational groups.

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

# 10 Further information

## Methodology

The Annual Survey of Hours and Earnings (ASHE) is a UK wide survey that provides a wide range of information on earnings, including workplace pension type by age, gender, occupation and industry. The Office for National Statistics (ONS) carries out ASHE in Great Britain, and it is carried out by the NI Statistics and Research Agency (NISRA) in NI. This release contains summary statistics from the pension's element of the 2018 Northern Ireland survey.

The survey information related to the pay-week (or other pay period if the employee was paid less frequently) which included 18<sup>th</sup> April 2018, the reference date for the latest survey.

In 2009, ASHE moved from using the SIC 2003 categorisation of business activities to the new SIC 2007 activity codes.

[More information on the extent of the revisions and correspondence between SIC 2007 and the former SIC 2003](#)

The Standard Occupational Classification 2000 (SOC 2000) used for ASHE was replaced by the Standard Occupational Classification 2010 (SOC 2010) in 2013. Since the SOC forms part of the methodology by which ASHE data are weighted to produce estimates for NI, this has caused a discontinuity in the ASHE time series. Therefore, the revised estimates for 2011, and all subsequent provisional and revised estimates, are not directly comparable to earlier results.

[The major differences between the SOC 2000 and SOC 2010 classifications are summarised in this document, starting at page 62.](#)

## Coverage and sampling

As in previous years, the sample used for the survey included approximately 1% of all employees in NI who were covered by PAYE

schemes, and therefore is subject to an associated level of sampling error. Someone who is in more than one PAYE scheme may appear more than once.

The ASHE estimates are based on a sample and are therefore subject to an associated level of variability. The coefficient of variation (cv) indicates the quality of an estimate. The cv is the ratio of the standard error of an estimate to the estimate, expressed as a percentage. The smaller the CV, the higher the quality of the estimate.

## ASHE coverage change in 2014

In 2013, HM Revenue and Customs (HMRC) changed the criteria which determine how businesses are obliged to report employees' earnings via their Pay as You Earn (PAYE) schemes. The PAYE system is the frame for the ASHE sample. Until this change, businesses were only required to operate PAYE for employees whose earnings were above the Lower Earnings Limit (LEL) for National Insurance contributions (currently £111 per week) and they did not report all new jobs until the end of the tax year. The new rules require employers to report the details of all of their employee jobs via their PAYE schemes, whatever their earnings, provided that they have at least one employee earning above the LEL. In addition, employers must report for all jobs in 'real-time', meaning that they cannot wait until the end of the tax year. This new system is known as 'Real-Time Information' (RTI).

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

**Response**

A total of 6,805 returns were received by NISRA (90% of those sampled). ASHE responses are weighted to the number of jobs measured by the Labour Force Survey (LFS) and this weighting is carried out by ONS. The weighting factors include age, sex, occupation and workplace and take account of differing response rates.

**Confidentiality**

Information on earnings and hours is obtained in confidence from employers under the authority of The Statistics of Trade and Employment (NI) Order 1988. Information collected is treated as strictly confidential and is used only for statistical purposes. The resulting analyses do not show information about identifiable people or private businesses.



# 11 Index of tables

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## **2018 – Provisional**

Headline Results and Coefficients of Variation

Pension Type by Industry

Pension Type by Occupation

Pension Type by Age

Pension Type by Public/Private Sector

## **2017 – Revised**

Headline Results and Coefficients of Variation

Pension Type by Industry

Pension Type by Occupation

Pension Type by Age

Pension Type by Public/Private Sector