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Employers' Pension Provision Survey 2017

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Executive summary

Introduction to the report

This report presents findings from the 2017 Employers' Pension Provision Survey (EPP 2017). EPP 2017 was commissioned by the Department for Work and Pensions (DWP) and undertaken by Kantar Public and the National Institute of Economic and Social Research (NIESR). The 2017 survey was the twelfth in an approximately biennial series that has been conducted since the mid-1990s.

A principal aim of the report is to describe the extent and nature of pension provision among private sector employers in Great Britain in 2017. This includes the proportion of firms providing pensions and the extent of employee membership of employer pension schemes, along with types of provision and employer contribution rates. Comparisons are also made with key findings from earlier surveys in the series.

The report is also a key source of information on the impact of the workplace pension reforms so far. In addition to providing a picture of how pension provision is changing among private sector employers, the report considers employers' awareness of the reforms and their responses to them, as well as measures of opt-out, cessation and re-enrolment.

Background

The EPP 2017 survey was conducted among a representative sample of private sector employers in Great Britain. The sample was drawn from the Inter-Departmental Business Register (IDBR). Fieldwork took place between July and October 2017 and some 2,859 organisations took part in the interview. The response rate at the main interview stage was 45 per cent, an increase from 41 per cent in 2015.

The workplace pension reforms, introduced following the 2008 Pensions Act (and updated as part of the 2011 and 2014 Pensions Acts), require all employers to automatically enrol all eligible employees into a qualifying workplace pension scheme, although employees can choose to opt out.

Employers were asked whether they had passed their staging date at the time of interview. The vast majority of small, medium and large employers reported that they had done so. In contrast, around two-fifths (42 per cent) of micro employers stated that they had passed their staging date. However, there was considerable uncertainty amongst this group, with one-third (33 per cent) responding that they did not know if they had yet passed their staging date, with the remaining 25 per cent stating that they had not.

Virtually all medium and large employers stated that they had automatically enrolled their eligible employees and the vast majority (84 per cent) of small employers had also done so. However, just over half of micro employers had not yet automatically enrolled their employees at the time of the 2017 survey.

The profile of staged employers has changed considerably between the 2013, 2015 and 2017 surveys as the reforms have been rolled out. It is important to bear this in mind when drawing comparisons across these years.

Micro employers account for the majority of private sector organisations, and estimates for all private sector employers, therefore, reflect the dominance of micro employers in the population of firms. However, the minority of large organisations employ the majority of private sector employees. In order to provide a balanced representation of pension provision, the report occasionally presents estimates in terms of both the percentage of private sector employers to which they apply, as well as the percentage of employees who work in those organisations.

The extent of pension provision in 2017

Prior to the introduction of the reforms, the proportion of private sector employers who offered pension provision had been declining since around the mid-2000s. This trend has reversed following the implementation of the reforms, and in 2017, just over half (56 per cent) of private sector organisations made some form of pension provision for their employees.

This represents a notable increase since 2013, when 32 per cent of private sector employers did so. This provision could include an occupational pension scheme, a group personal pension (GPP) scheme, a stakeholder scheme, access to the National Employment Savings Trust (NEST), a Master Trust scheme (other than NEST) or an arrangement whereby the employer made contributions to employees' personal pensions (PPs).

The reforms require employers to enrol eligible employees into a workplace pension scheme. Focusing solely on workplace pension schemes (thus ignoring contributions to PPs), 47 per cent of private sector employers offered some form of workplace pension scheme in 2017, compared with 19 per cent in 2013.

Most small, medium and large employers provided a workplace pension scheme, but provision was less common among micro employers. This is likely to reflect, at least in part, that while most small, medium and large employers had passed their staging date, micro employers were less likely to have done so.

As noted above, estimates for all private sector employers reflect the dominance of micro employers in the population of firms; yet most employees work in large organisations. Thus while 47 per cent of firms offered a workplace scheme, the vast majority (91 per cent) of all private sector employees worked for an employer who provided a workplace scheme.

In 2017, the most commonly provided scheme type was access to NEST, offered by 30 per cent of employers. Other scheme types remained less common; eight per cent of firms provided stakeholder schemes, five per cent of firms provided GPPs, three per cent provided occupational schemes, and three per cent access to Master Trust schemes other than NEST.

Some pension schemes are closed and others attract no employer contribution. Overall, around two-fifths (41 per cent) of private sector organisations had an open workplace pension scheme to which they were contributing; these firms employed 87 per cent of all private sector employees. Both figures represent a sizeable increase since 2013, when ten per cent of private sector firms had an open workplace pension scheme that attracted employer contributions, with 63 per cent of private sector employees working in these firms.

Membership of workplace pension schemes has also risen; the percentage of private sector employees who were active members of a workplace pension scheme rose from 32 per cent in 2013 to 60 per cent in 2017. In 2017, just under one-fifth (19 per cent) of all private sector employees were members of NEST, 16 per cent were members of GPP schemes, nine per cent were members of occupational schemes, eight per cent were members of Master Trust schemes and five per cent were members of stakeholder schemes.

Employer awareness of the reforms

Awareness of the requirement to automatically enrol eligible workers into a pension scheme was high with 90 per cent of all private sector employers aware of this requirement. The levels of awareness were high for employers of all sizes; among micro employers 88 per cent were aware of this requirement.

Awareness about specific aspects of the reforms, namely the minimum contribution requirements and the need to declare compliance with The Pensions Regulator (TPR), was lower. Two-thirds of employers (66 per cent) were aware of the minimum contribution requirements. The lower level of awareness was largely driven by micro employers; 59 per cent were aware of the minimum contributions compared with 96 per cent of large employers. There were similar patterns of awareness of the need to declare compliance with TPR, with 91 per cent of large employers aware of this compared with 60 per cent of micro employers.

Awareness of all aspects of the reforms was higher among employers who reported having passed their staging date.

Employers’ responses to the reforms

Employers can choose to defer automatically enrolling new or newly eligible workers for up to three months. One-fifth (19 per cent) of staged employers had adopted a deferral or waiting period for new or newly eligible employees. This was more common among medium and large employers, such that 65 per cent of employees worked for a firm that had adopted a deferral or waiting period.

The reforms require employers to make a minimum contribution to the scheme, with the minimum contribution required increasing over time. Initially, employers were required to contribute a minimum of one per cent, with this increasing to two per cent in April 2018 and three per cent by April 2019. This is sometimes referred to as phasing. In 66 per cent of schemes used for automatic enrolment, employers were phasing in contributions, but in 24 per cent of such schemes, employers were contributing at least three per cent from the start. The most common reason for contributing at least three per cent from the start was that employers wanted to offer a better option for their employees, applying for 44 per cent of such schemes.

Almost two-thirds (65 per cent) of employers who had begun automatic enrolment stated that its introduction had resulted in an increase in the total pension contributions they had to make. The most common action taken by employers in response to an increase in total pension contributions was to absorb this cost as part of other overheads (stated by 71 per cent of employers), followed by a reduction in profits (stated by 47 per cent of employers).

The mean employer contribution, averaged across schemes, was equivalent to four per cent of gross pay, while the median contribution was one per cent.[1] Averaged across members, the median contribution was two per cent of pay. This varied by scheme type: the median contribution received by members of NEST and Master Trust schemes was one per cent of pay, in comparison with three per cent for members of stakeholder schemes, four per cent for members of GPP schemes and five per cent for members of occupational schemes.

Almost all small, medium and large employers had communicated, or planned to communicate, with their employees about the reforms. However, 42 per cent of micro firms had not communicated or had no plans to do so; employers tended to report not having done so because they did not have any eligible employees. Methods of communication varied by employer size; letters and all staff emails were more common among larger employers, while face-to-face communication was more frequently used by smaller employers.

Opt-out, cessation and opt-in

Among firms with a scheme used for automatic enrolment, nine per cent of employees who were automatically enrolled in the last financial year (2016/17) had decided to opt out. Direct comparisons with earlier surveys in the EPP series are not possible due to changes in question wording, but this figure does not suggest any notable increase in average opt-out rates since 2015.

Employers estimated that 16 per cent of employees who had been automatically enrolled in the last financial year had ceased active membership. Based on those employers who were able to provide an estimate, 67 per cent of all employees who ceased saving did so because they had left their employer.

The majority (72 per cent) of employers who had begun automatic enrolment reported that they did not take any action to encourage their employees to stay in the pension scheme. Larger employers were more likely to have taken some action to encourage employees to do so. Where employers did undertake such activities, the most commonly reported activities were providing information about the scheme and its benefits, and communicating reasons why employees should stay in the scheme.

In eight per cent of firms with a scheme used for automatic enrolment, at least some non-eligible workers had been enrolled into a scheme in the last financial year. This was more common among larger employers; applying for 34 per cent of large firms compared with two per cent of micro firms.

In 63 per cent of schemes where at least some non-eligible employees had been enrolled, the employees had actively asked to join the scheme. However, in 29 per cent of such schemes, the employer stated that it was company policy to enrol everyone.

[1] Note that employers were asked about contributions as a percentage of gross pay, rather than as a percentage of qualifying earnings.

Re-enrolment

Approximately three years after employers have first passed their staging date, they are required to re-assess all employees and automatically enrol any that are eligible for automatic re-enrolment but not currently members of a pension scheme. Employers must write to all employees to inform them that they have been automatically re-enrolled into the pension scheme and complete the re-declaration of compliance with TPR.

Awareness among employers of their duties around re-enrolment was lower than their awareness of the original need to automatically enrol their workers into a qualifying pension scheme. Overall, 62 per cent of staged employers were aware of the requirement to automatically re-enrol their employees. Awareness was higher among larger employers who had either passed their re-enrolment date or were closer to this date.

When the EPP 2017 survey was conducted, only employers with 50 or more employees had passed their re-enrolment date. Only a small proportion of employers who took part in the 2017 survey reported having passed their re-enrolment date (nine per cent). This was higher among large employers (79 per cent) and medium employers (32 per cent).

Just over a third of employers (36 per cent) were aware of the need to re-declare compliance with TPR. This figure was 84 per cent among large employers and 61 per cent among medium employers.

Firms which had passed their re-enrolment date were very likely to have sought information or advice about re-enrolment: 80 per cent reported having done so. Firms were most likely to seek advice or information from a pension provider, TPR, or an independent financial advisor.

Among medium and large employers who had passed their re-enrolment date, just under three quarters (73 per cent) had communicated with their employees about re-enrolment.

Opt-out levels following re-enrolment were higher than those following initial automatic enrolment. The overall opt-out level following re-enrolment was 33 per cent. This varied by size of employer, with an opt-out rate of 50 per cent for medium employers and 31 per cent for large employers.[2]

The overall level of cessation following re-enrolment was 24 per cent, with medium employers having a higher cessation rate compared with large employers (51 per cent compared with 18 per cent).

Employers who had not yet passed their re-enrolment date were asked whether they had started preparing for re-enrolment. Among these employers only eight per cent had begun any preparations for re-enrolment.

[2] These are employment-weighted estimates.

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List of abbreviations

CATI	Computer Assisted Telephone Interviewing
DB	Defined benefit
DC	Defined contribution
DWP	Department for Work and Pensions
EPP	Employers’ Pension Provision (Survey)
GPP	Group personal pension scheme
GSIPP	Group self-invested personal pension scheme
IDBR	Inter-Departmental Business Register
PAYE	Pay As You Earn
PP	Personal pension
SHP	Stakeholder pension scheme
SIC (2007)	Standard Industrial Classification (2007 edition)
NEST	National Employment Savings Trust
NIESR	National Institute of Economic and Social Research
OCC	Occupational pension scheme
ONS	Office for National Statistics
TPR	The Pensions Regulator

Glossary of terms

Active member	Individuals currently contributing to a pension scheme, or having contributions made on their behalf.
Automatic enrolment	In 2008, the Government introduced a law designed to help people save more for their retirement. This requires, from 2012, all employers to enrol their eligible jobholders into a workplace pension scheme if they are not already in one. In order to preserve individual responsibility for the decision to save, workers have the right to **opt out** of the scheme.
Ceasing active membership	If an eligible jobholder chooses to stop paying into an automatic enrolment scheme after the end of the opt-out period, they are said to cease active membership.
Cessation	When a worker has **ceased active membership**.
Contributions	The amount (often expressed as a percentage of earnings) that a worker and/or employer pays into a pension.
Defined benefit (DB) schemes	A type of occupational pension scheme. In a DB scheme the amount the member gets at retirement is based on various factors, but is predetermined (defined). Examples of DB schemes include 'final salary' or 'career average' earnings-related pension schemes. In most schemes, some of the pension can be taken as a tax-free lump sum. The rest is then received as regular income, which might be taxable.
Defined contribution (DC) schemes	A type of pension scheme. In a DC scheme a member's pension pot is put into various investments such as shares in public listed companies. The amount in the pension pot at retirement is based on how much is paid in and how well the investments have performed. In some schemes, some of the pension can be taken as a tax-free lump sum. The rest can then be used to buy an income, which might be taxable. These are also known as 'money purchase' schemes.

Earnings trigger for automatic enrolment The amount a worker must earn before the duty for their employer to automatically enrol the worker is triggered. For the 2016/2017 tax year, most relevant to this survey and report, this was set at £10,000. This figure is reviewed annually by the Government.

Eligible jobholder A worker (sometimes referred to as an employee) who is ‘eligible’ for automatic enrolment. An eligible jobholder must be aged at least 22 but under State Pension age, earn above the earnings trigger for automatic enrolment, work or usually work in the UK and not already be a member of a qualifying pension scheme.

Entitled worker A worker who is: aged at least 16 and under 75; works, or ordinarily works, in the UK; and earns below the lower earnings level of qualifying earnings (£5,824 for the 2016/17 tax year). Entitled workers are not eligible for automatic enrolment, although they can choose to join a workplace pension. Their employer is not required to make a contribution if they do so.

Employer size Employer size is determined by the number of employees. For the purpose of staging dates, The Pensions Regulator (TPR) categorises employer size based on the number of employees in Pay As You Earn (PAYE) schemes as follows:

Micro = 1 to 4 employees

Small = 5 to 49 employees

Medium = 50 to 249 employees

Large = 250+ employees

Group personal pension (GPP) A type of **personal pension** scheme set up by an employer on behalf of its workers. Although the scheme is arranged by the employer, each pension contract is between the pension provider and the worker. The employer may also pay into the scheme, adding money to each worker’s pension pot.

Group self-invested personal pension (GSIPP) A **personal pension** in which the policy holder rather than the pension company chooses the investments. GSIPPs allow members to invest in a wide range of assets, including commercial property and individual shares.

Implementation	Refers to the period in which employer duties are being introduced. This will take place between October 2012 and April 2019 by size of employer (from large to small). See also **staging** and **phasing**.
Independent Financial Advisor	An adviser, or firm of advisers, that is in a position to review all the available products and companies in the market as the basis for recommendations to clients. All Independent Financial Advisers are regulated by the Financial Conduct Authority.
Master trust	A multi-employer trust-based pension scheme, which is promoted to and used by a range of unconnected employers.
National Employment Savings Trust (NEST)	A trust-based workplace pension scheme, established by legislation, to support automatic enrolment and ensure that all employers have access to a quality, low-cost pension scheme with which to meet the employer duties.
Non-eligible jobholder	A worker who is not eligible for automatic enrolment but can choose to 'opt in' to an automatic enrolment scheme and will be entitled to a mandatory employer contribution should they do so. Non-eligible jobholders are in either of the following two categories: a worker who is aged at least 16 and under 75, and earns above the lower earnings level of qualifying earnings but below the earnings trigger for automatic enrolment; or is aged at least 16 but under 22, or between **State Pension age** and under 75; and earns above the earnings trigger for automatic enrolment.
Occupational pension scheme	A type of workplace pension organised by an employer (or on behalf of a group of employers) to provide benefits for employees on their retirement and for their dependents on their death. In the private sector, occupational schemes are trust-based.
Opt in	**Eligible jobholders** can choose to join the pension scheme nominated by the employer for automatic enrolment during the postponement period, where applicable. **Non-eligible jobholders** and **entitled workers** have the right to do the same at any time.

Opt out	Where a jobholder has been automatically enrolled, they can choose to 'opt out' of a pension scheme. This has the effect of undoing active membership, as if the worker had never been a member of a scheme on that occasion. It can only happen within a specific time period, known as the 'opt-out period'.
Opt-out period	A jobholder who becomes an active member of a pension scheme under the automatic enrolment provisions has a period of one calendar month during which they can opt out and get a full refund of any contributions made. This 'opt-out period' starts from whichever date is the later of the date active membership was achieved, or the date they received a letter from their employer with their enrolment information. After this opt-out period a jobholder can still choose to leave the scheme at any time, but will not usually get a refund of contributions. These will instead be held in their pension until they retire. A jobholder cannot opt out before the opt-out period starts (i.e. they cannot opt out before they have been automatically enrolled).
PAYE	PAYE is the system that HM Revenue and Customs (HMRC) uses to collect Income Tax and National Insurance contributions from employees. They are deducted throughout the tax year based on employees' earnings and then paid to HMRC.
Pension provider	An organisation, often a life assurance or asset management company, that offers financial products and services relating to retirement income.
Pension scheme	A legal arrangement offering benefits to members.
Personal pension (PP)	An arrangement where a pension is set up directly between an individual and a pension provider. This could be set up by an employer (see **Group Personal Pension**) or by an individual (sometimes referred to as an Individual Personal Pension). The individual pays regular monthly amounts or a lump sum to the pension provider who invests it on the individual's behalf. The fund is usually run by financial organisations such as insurance companies or asset managers.

Phasing	The Government has set a minimum amount of money that has to be put into the pension by an employer and in total (i.e. employer and worker's contribution). Up until April 2018, the total minimum contribution was two per cent of the worker's salary of which the employer had to contribute at least one per cent and 0.2 per cent came from the State in tax relief. From 6 April 2018, the minimum contribution rose to five per cent of which the employer must contribute at least two per cent and the State contributes 0.6 per cent in tax relief. On 6 April 2019, the contribution rate rises again to a total of eight per cent, of which the employer must contribute at least three per cent and the State contributes one per cent through tax relief.
Postponement	An additional flexibility for an employer that allows them to choose to postpone automatic enrolment for up to three months. Postponement can only be used for a worker on: the employer's staging date; the first day of a worker's employment; or on the date a worker employed by them meets the criteria to be an eligible jobholder. If an employer chooses to use postponement, they must provide written notice of this to their workers. This is also called 'deferral'.
Qualifying earnings	In the context of the workplace pension reforms this refers to the part of an individual's earnings on which contributions into a qualifying pension scheme will be made. A worker's earnings below the lower level and above the upper level are not taken into account when working out pension contributions. For the 2016/17 tax year, most relevant to this survey and report, the lower level was set at £5,824 and the upper level was set at £43,000. These figures are reviewed annually by the Government.
Qualifying scheme	To be a qualifying scheme for automatic enrolment, a pension scheme must meet certain minimum requirements set out by The Pensions Regulator, which differ according to the type of pension scheme.
Re-enrolment	Every three years, staff who were automatically enrolled but opted out of or ceased active membership of a pension scheme more than 12 months before an employer's re-enrolment date must be automatically re-enrolled into the scheme. Again, they have the choice to opt out. This prompts them to revisit their initial decision to opt out.

Staging	Refers to the staggered introduction of the new employer duties, starting with the largest employers in October 2012, based on PAYE scheme size, to the smallest in 2017. New PAYE schemes from April 2012 will stage last, in 2017 and 2018.
Staging date	The date on which an employer is required to begin automatic enrolment. This date was determined by the total number of employees in an employer's largest PAYE scheme on 1 April 2012.
Stakeholder pension (SHP)	A type of personal pension arrangement introduced in April 2001 which could be taken out by an individual or facilitated by an employer. Where an employer had five or more staff and offered no occupational pension and an employee earned over the lower earnings limit, the provision of access to a stakeholder scheme, with contributions deducted from payroll, was compulsory. Stakeholder pensions are usually a contract-based pension scheme, subject to government regulations, which limited charges and allowed individuals flexibility about contributions and transfers, introduced in April 2001. These ceased to be mandatory after the workplace pension reforms were introduced.
State Pension age	The earliest age at which an individual can claim their State Pension.
The Pensions Regulator (TPR)	The UK regulator of workplace pension schemes, including limited aspects of workplace personal pensions. It is responsible for ensuring employers are aware of their duties relating to automatic enrolment, how to comply with them and enforcing compliance. It uses a programme of targeted communications and a range of information to help employers understand what they need to do and by when. TPR is also responsible for regulating occupational pension schemes, including Master Trusts.
Waiting period	A type of **postponement**, where new workers or newly eligible workers may have their automatic enrolment delayed for up to three months.
Worker	An employee or individual who has a contract to provide work or services personally and is not undertaking the work as part of their own business.
Workplace pensions	Any pension scheme provided as part of an arrangement made for the employees of a particular employer.

Workplace pension reforms	The reforms introduced as part of the Pensions Acts 2007 and 2008 (and updated as part of the Pensions Act 2011 and 2014). Starting in 2012, the reforms include a duty on employers to automatically enrol all eligible jobholders into a qualifying workplace pension scheme.

Reporting conventions

Tables in the report

0	less than 0.5 per cent, including none
-	category not applicable
( )	numbers in parentheses are estimates based on fewer than 100 observations

All reported items have less than ten per cent non-response, and all estimates have been calculated solely among respondents, unless otherwise stated.

1 Introduction

1.1 Introduction to the report

This report presents findings from the 2017 Employers’ Pension Provision Survey (EPP 2017). The survey was conducted among a representative sample of 2,859 private sector employers in Great Britain. The EPP 2017 survey was the twelfth in a biennial series that has been measuring the extent and nature of pension provision since the 1990s.

The first chapter of the report outlines the background to the survey and gives a brief overview of the methodology.

1.2 Background to the survey

The EPP 2017 survey was commissioned by the Department for Work and Pensions (DWP) and conducted by Kantar Public and the National Institute of Economic and Social Research (NIESR).

Since the mid-1990s, the EPP surveys have provided comprehensive and authoritative data on key aspects of private sector pension provision, including the overall incidence of provision, types of scheme and contribution rates.

The EPP surveys have also formed a critical source of information on how private sector provision is changing following the workplace pension reforms. The reforms, introduced following the 2008 Pensions Act (and updated as part of the 2011 and 2014 Pension Acts), require all employers to automatically enrol all eligible employees into a qualifying workplace pension scheme, although employees can choose to opt out. Employers are also required to make a minimum contribution to the pension scheme. By January 2018, almost 9.3 million employees had been automatically enrolled into a workplace pension.[3]

The 2017 survey was the first to be completed when the reforms had begun to take effect for employers of all sizes.[4] The focus of the survey therefore changed from employers’ plans regarding implementation of the reforms, to the ongoing impact of the reforms for employers. The 2017 survey is the first in the EPP series to be able to consider the effects of the reforms among small and micro employers, and the first to explore actions following re-enrolment among medium and large employers.

[3] http://www.thepensionsregulator.gov.uk/docs/automatic-enrolment-declaration-of-compliance-monthly-report.pdf

[4] See Chapter 2 for further discussion of the status of staging and automatic enrolment at the time of the 2017 survey.

1.3 Survey methods

1.3.1 Sample

The sample for the 2017 survey was drawn from the Inter-Departmental Business Register (IDBR) which is held and maintained by the Office for National Statistics (ONS). The IDBR is widely held to be the most comprehensive source of samples for businesses available and was used for all EPP surveys between 2003 and 2013. However, the 2015 survey sample was drawn from The Pension Regulator's (TPR) database of businesses, based on Pay As You Earn (PAYE) data supplied by Her Majesty's Revenue and Customs (HMRC). This means that, when making comparisons over time, we often focus on comparisons with the 2013 survey, where we can have greater confidence in the robustness of the comparison over time.

As with previous sweeps of the survey, larger employers were oversampled. This allowed for sub-group analysis among large employers and also enhanced the precision of employment based estimates as the larger organisations account for a greater share of employment. Data are weighted to correct for this oversampling (see Technical Report, Chapter 8).

The weighted and unweighted distribution of the sample is shown in Table 1.1.

Table 1.1 Sample profile

	Size of organisation (employees)					
Employer size	Unweighted count	Unweighted %	Employer weighted count	Employer weighted %	Employment weighted count	Employment weighted %
Micro (1-4)	498	17	2,217	78	339	12
Small (5-49)	1,169	41	590	21	665	23
Medium (50-249)	402	14	42	1	392	14
Large (250+)	790	28	10	*	1,463	51
Started automatic enrolment	2,459	86	1,241	43	2,537	89
About to start automatic enrolment	66	2	157	5	46	2
Not yet begun automatic enrolment	299	10	1,310	46	221	8

Base: All private sector employers

1.3.2 Advance letter, datasheet and questionnaire

Fieldwork for the survey was conducted by telephone. Prior to taking part in the survey, all employers were sent an advance letter containing information about the survey. The letter was sent via email or, if an email address was not available, via post. Employers with 20 or more employees were also asked to complete an interview preparation form to collate some of the details about their organisation that would be requested during the interview.

1.3.3 Fieldwork and response

There were three stages of fieldwork for the survey, described below:

- The most appropriate contact to complete the telephone interview was identified by a short screening survey.
- The advance survey information was sent to the individual identified at the screening stage.
- The telephone interview was conducted with the identified individual or, in cases where a further referral was taken, another individual within the organisation.

Following the screening process, a total of 6,411 cases were issued to the telephone fieldwork.

Fieldwork for the main survey took place between July and October 2017. The questionnaire was administered using Computer-Assisted Telephone Interviewing (CATI) and the interview length was an average of 20 minutes. Overall, 2,859 employers took part in the interview, achieving a response rate of 45 per cent. This is an increase from 41 per cent achieved in the 2015 survey.

1.4 Overview of the remainder of the report

The remainder of this report is divided into six chapters and two appendices. There is also an accompanying Technical Report.

Chapter 2 provides an overview of pension provision in 2017, describing the extent and nature of provision, as well as the status of automatic enrolment. It also discusses the reasons for non-provision of pensions among employers.

Chapter 3 looks at employers' awareness of the reforms, including the requirements for automatic enrolment, minimum contribution levels and declaring compliance to TPR.

Chapter 4 focuses on employers' responses to the reforms, including the costs of compliance, types of schemes used for automatic enrolment and contribution levels, the use of deferral and waiting periods, and how employers are communicating with their employees regarding the reforms.

Chapter 5 explores the opt-out rates among employees who have been automatically enrolled and cessation rates. It also explores enrolment of non-eligible employees.

Chapter 6 focuses on re-enrolment, including employers' awareness, actions among employers who have passed their re-enrolment date and preparations among employers yet to pass their re-enrolment date.

Appendix A contains further information on the characteristics of employers with specific types of scheme

Appendix B provides both employer and employment-weighted estimates of opt-out, cessation and opt-in rates.

2 Overview of pension provision in 2017

Purpose:

- This chapter outlines the overall extent and nature of pension provision among private sector employers in Great Britain in 2017.

Key Findings:

- Just over half (56 per cent) of private sector employers made some form of pension provision for their employees in 2017. This represents a notable increase since 2013, when 32 per cent of private sector employers did so.
- Focusing only on workplace schemes (thus ignoring contributions to personal pensions), 47 per cent of private sector employers offered some form of workplace pension scheme in 2017, compared with 19 per cent in 2013.
- Most small, medium and large employers provided a workplace pension scheme in 2017, but provision was less common among micro employers. This is likely to reflect, at least in part, that while most small, medium and large employers had passed their staging date, micro employers were less likely to have done so.
- In 2017, the most commonly provided scheme type was access to National Employment Savings Trust (NEST), offered by 30 per cent of employers. Other scheme types remained less common; eight per cent of organisations provided stakeholder schemes, five per cent of organisations provided group personal pension schemes (GPPs), three per cent provided occupational schemes, and three per cent access to Master Trust schemes other than NEST.
- Overall 41 per cent of private sector employers had an open workplace pension scheme to which they were contributing. These organisations employed 87 per cent of all private sector employees. Both these figures had increased significantly since 2013, when ten per cent of private sector organisations had an open workplace pension scheme that attracted employer contributions, with 63 per cent of private sector employees working in these organisations.
- The percentage of private sector employees who were active members of a workplace pension scheme rose from 32 per cent in 2013 to 60 per cent in 2017. Just under one-fifth (19 per cent) of all private sector employees were members of NEST, 16 per cent were members of GPP schemes, nine per cent were members of occupational schemes, eight per cent were members of Master Trust schemes and five per cent were members of stakeholder schemes.

2.1 Introduction

This chapter outlines the broad extent and nature of pension provision by private sector employers in 2017. The chapter begins by providing an overview of the status of automatic enrolment at the time of the survey. The requirement to automatically enrol eligible employees into a qualifying workplace pension scheme began to take effect for the largest employers in October 2012. At the time of the previous Employers' Pension Provision (EPP) survey in 2015, most large and medium-sized employers had reached their staging date for automatic enrolment; by the time of the 2017 survey, the reforms had also taken effect for most small and many micro employers.

The chapter then goes on to report on the prevalence of pension provision among private sector employers, including variation by employer size and industry. Comparisons are also made with previous surveys in the EPP series, focusing primarily on comparisons with the 2013 survey.[5] The chapter also reports reasons for non-provision among those employers not offering a pension scheme.

The pension arrangements reported on in the chapter comprise: occupational pension schemes; group personal pension schemes (GPPs); stakeholder pension schemes (SHPs); access to the NEST; access to a Master Trust scheme other than NEST; and, finally, arrangements whereby an employer makes contributions to an employee's personal pension (PP). The Glossary to this report provides further details of each type of scheme.

2.2 Status of automatic enrolment

Automatic enrolment has been rolled out in stages. Employers' staging dates determine when they must have enrolled their eligible workers, with staging dates roughly reflecting employer size.[6] Starting in October 2012, the largest employers were the first employers required to automatically enrol their eligible employees under the workplace pension reforms. By the time fieldwork was conducted for the 2017 survey, most employers that were already in existence in 2012 would have reached their staging date. The exception will be some newer employers; staging dates for these employers typically covered the period from May 2017 to February 2018.[7]

Employers were asked whether they had passed their staging date at the time of interview. As to be expected, the vast majority of small, medium and large employers reported that they had done so (84 per cent, 91 per cent and 94 per cent

[5] As noted in Chapter 1, the sample for the 2015 EPP survey was drawn from a different sampling frame to that used in 2017, and for 2013 and earlier surveys in the series. We therefore focus predominantly on comparisons with the 2013 survey, where we can have greater confidence in the robustness of comparisons over time.

[6] To be more precise, an employer's staging date was determined by the number of people in the largest Pay As You Earn (PAYE) scheme that they used on 1 April 2012.

[7] Since October 2017, new employers have had almost immediate automatic enrolment duties from the point at which they take on a qualifying worker. However, fieldwork for EPP 2017 was only completed in October 2017.

respectively). In contrast, around two-fifths (42 per cent) of micro employers stated that they had passed their staging date. However, there was considerable uncertainty amongst this group, with one-third (33 per cent) responding that they did not know if they had yet passed their staging date, with the remaining 25 per cent stating that they had not.

Virtually all medium and large employers stated that they had automatically enrolled employees (Table 2.1). The vast majority (84 per cent) of small employers had also done so. Micro employers were less likely to have automatically enrolled staff, with 31 per cent having done so at the time of the fieldwork for the survey, with a further six per cent about to start automatically enrolling staff. Around three in ten (29 per cent) of those micro employers that had not automatically enrolled staff at the time of the survey were established in 2012 or later.

Table 2.1 Status of automatic enrolment, by size of organisation, 2017

					Column percentages
	Size of organisation (employees)				
Status of automatic enrolment	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sector employers
Has automatically enrolled staff	31	84	97	99	43
About to start automatically enrolling staff	6	3	0	1	5
Not yet automatically enrolled	56	12	2	1	46
Don't know	7	1	0	0	5
Weighted base	*2,217*	*590*	*42*	*10*	*2,859*
Unweighted base	*498*	*1,169*	*402*	*790*	*2,859*

Base: All private sector employers

2.3 The incidence of pension provision in 2017

Overall, just over half (56 per cent) of private sector employers made some form of pension provision for their employees in 2017 (Table 2.2). However, the provision of pensions is considerably more common among small, medium and large organisations than it is among micro employers. All medium and large employers offered some form of provision, as did the vast majority (91 per cent) of small employers. In contrast, around 45 per cent of micro employers offered some form of provision. As discussed above, the vast majority of small, medium and large employers had passed their staging date and had automatically enrolled eligible employees, while micro employers were much less likely to have done so. The lower prevalence of provision among micro employers is therefore likely, at least in part, to reflect this. Around two-thirds (67 per cent) of micro employers who reported passing their staging date offered some form of pension provision for their employees, compared with 30 per cent of micro employers who stated that they had not yet passed their staging date, or did not know whether they had done so.

While micro employers account for a high proportion of all employers, they account for a much smaller share of employment. Overall, in 2017, 93 per cent of employees worked for an employer that offered some form of pension provision.

Table 2.2 Any pension provision by size of organisation, 2013 and 2017

				Cell percentages
	Private sector employers		Employees working for such employers	
Pension provision	**2013**	**2017**	**2013**	**2017**
Any pension provision[a]	32	56	79	93
Size of organisation:				
Micro (1-4 employees)	26	45	24	54
Small (5-49 employees)	47	91	57	95
Medium (50-249 employees)	84	100	86	99
Large (250+ employees)	96	100	99	100
Any workplace pension scheme[b]	19	47	76	91
Size of organisation:				
Micro (1-4 employees)	9	35	8	43
Small (5-49 employees)	41	89	51	92
Medium (50-249 employees)	80	98	83	98
Large (250+ employees)	96	99	99	100

Base: All private sector employers as indicated by row headings. Unweighted base for estimates for all employers is 2,713 in 2017 and 3,043 in 2013.

Notes:

a. In 2017, 'Any pension provision' refers to the provision of an occupational scheme, a GPP scheme, a workplace-based SHP scheme, access to the NEST scheme, access to a Master Trust scheme (other than NEST) and to arrangements whereby employers make contributions to employees' personal pensions. Access to a Master Trust scheme other than NEST is not included in the 2013 figures as this information is not available in the 2013 data.
b. 'Any workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme, a workplace-based SHP scheme, access to the NEST scheme or access to a Master Trust scheme (other than NEST). It thus excludes contributions to personal pensions.

'Any Pension provision' here refers to the provision of an occupational pension scheme, a GPP scheme, a workplace SHP scheme, access to NEST, access to a Master Trust scheme other than NEST, or the provision of contributions to employees' private personal pensions (PP). However, an employer who makes contributions to employees' PPs has no role in the establishment or administration of the scheme, or in the enrolment of members. Accordingly, contributions to employees' PPs do not constitute qualifying schemes under the workplace pension reforms, irrespective of the level of contributions. Table 2.2, therefore, also indicates the provision of 'workplace pension schemes' once these arrangements are ignored (thus focusing solely on the provision of occupational schemes, GPPs, workplace SHPs, NEST and other Master Trust schemes). On this basis, just under one half (47 per cent) of employers currently have some form of workplace pension provision; these organisations employ 91 per cent of all employees. Table 2.2 also indicates the increase in provision apparent since 2013. In 2013, one-third (32 per cent) of employers made any form of pension provision for their employees. This had risen to

56 per cent in 2017.[8] The percentage of private sector employers offering some form of workplace pension provision has also increased from 19 per cent in 2013 to 47 per cent in 2017.[9] While the majority of large employers were already offering some form of workplace pension provision in 2013, notable increases have been seen for micro, small and medium employers over this period.

2.4 Reasons for non-provision of pensions

Employers who did not offer any form of pension provision were asked for their main reason for not making pension provision (Table 2.3). As discussed in Section 2.3, the vast majority of small, medium and large employers were providing some form of pension provision for at least some of their employees. However, just over half of micro employers were not offering any form of pension provision.

Around one in ten employers (nine per cent) who did not offer any form of pension provision said that this was a result of their employees earning below the National Insurance lower earnings limit. Seven per cent of employers said that the main reason was that their organisation had only recently been established, with the same percentage stating that they could not afford to make provision. A similar proportion (six per cent) said that this was due to employing mainly part-time or temporary staff, while five per cent indicated that their organisation had not reached the staging date for automatic enrolment at the time of the survey. However, the majority (59 per cent) of this group cited other reasons. These comprised a range of responses, including that there were no eligible employees (for example that employees were outside of the age range for eligibility), that staff did not want to join a scheme (including some who specifically stated that their employees had opted out), or that they were just in the process of setting up a scheme. Other employers stated that their organisation was too small; and some stated that employees had private pensions or other pension arrangements. A minority of respondents indicated that they did not think they were required to provide a scheme, with a handful indicating that they did not trust in pension schemes or did not want to offer a pension scheme.

[8] As noted earlier, we focus predominantly on comparisons with the 2013 survey, where we can be more confident in the robustness of comparisons over time. Nevertheless, it is still of interest to note the findings from 2015, when 33 per cent of private sector employers offered some form of pension provision for their employees.

[9] In 2015, 25 per cent of private sector employers offered some form of workplace pension provision.

Table 2.3 Main reason for non-provision, 2017

	Column percentages
Main reason for non-provision	**All private sector employers without pension provision**
Workers earning below National Insurance lower earnings limit	9
Organisation has only recently been established/organisation is too new	7
Cannot afford to make provision	7
Mainly part-time or temporary staff	6
Not yet reached staging date for automatic enrolment	5
Staff turnover is too high/employees don't stay long enough to make it worthwhile	0
Other reasons	59
None of these/no reason given	6
Weighted base	*1,170*
Unweighted base	*234*

Base: All private sector employers without some form of pension provision

2.5 Types of pension provision

In this section we report the incidence of different types of pension scheme, beginning with all private sector employers, before exploring variation by employer size and industry.

Table 2.4 considers the types of scheme made available by employers. The first two columns of the table show the percentages of employers providing specific types of scheme in 2013 and 2017. Only three per cent of private sector employers provided occupational pension schemes in 2017, while five per cent provided GPPs; both figures are similar to those observed in 2013. However, there was a fall in the percentage of employers offering a workplace SHP scheme, declining from 12 per cent in 2013 to 8 per cent in 2017. A similar trend was observed for employers making contributions to employees' PPs, which decreased from 18 per cent to 11 per cent over the same time period. The most notable difference is, however, the increase in the percentage of employers offering access to NEST, rising from only one per cent in 2013 to 30 per cent in 2017. The 2017 survey also asked separately about access to Master Trust schemes other than NEST, which was provided by three per cent of private sector employers.

Table 2.4 Overall incidence and type of provision, 2013 and 2017

Cell percentages

	Private sector employers		Employees working for private sector employers		Active members as % of all private sector employees[d]		Active members of pension schemes	
	2013	2017	2013	2017	2013	2017	2013	2017
Any occupational scheme	2	3	45	29	16	9	46	15
Defined benefit	1	1	31	17	6	3	18	5
Defined contribution	1	1	19	12	7	5	19	9
Hybrid	0	0	8	1	4	0	8	1
GPP scheme	5	5	34	33	10	16	28	27
Group self-invested personal pension (GSIPP)	0	1	4	3	0	1	1	1
Workplace SHP scheme	12	8	37	14	5	5	15	8
Access to NEST	1	30	6	38	1	19	4	31
Access to Master Trust scheme other than NEST	-	3	-	14	-	8	-	14
Contributions to personal pensions	18	11	18	9	2	2	7	4
Any pension provision[a],[b]	32	56	79	93	35	62	100	100
Any workplace scheme[c]	19	47	76	91	32	60		
Weighted base	*3,015*	*2,695*	*3,055*	*2,760*				
Unweighted base	*3,043*	*2,713*	*3,043*	*2,713*				

Base: All private sector employers

Notes:

a. In 2017, the figures for 'Any pension provision' and 'Any workplace pension scheme' also include Master Trust schemes other than NEST.

b. Figures for 'Any provision' may be lower than the sum of the individual forms of provision as some employers may provide more than one type of scheme.

c. 'Any workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme, a workplace-based SHP scheme, access to NEST or access to a Master Trust scheme other than NEST (2017 only). It thus excludes contributions to personal pensions.

d. Figures for 'Any provision' take account of multiple memberships, thereby indicating the percentage of all private sector employees who are active members of a pension scheme. The EPP survey data do not allow us to adjust membership data at scheme level to account for this; accordingly the scheme-level figures will slightly over-estimate the percentage of private sector employees who are members of a particular scheme if employees are members of more than one scheme of the same type.

The fifth and sixth columns of Table 2.4 show the percentage of private sector employees who are members of each type of pension scheme. The percentage of private sector employees who are members of a pension scheme has risen notably, from 35 per cent in 2013 to 62 per cent in 2017. Some nine per cent of private sector employees were members of occupational schemes, 16 per cent were members of GPP schemes, five per cent were members of SHP schemes, 19 per cent were members of NEST, eight per cent were members of Master Trust schemes other than NEST and two per cent received employer contributions to their PPs. Focusing on workplace pension schemes only, 60 per cent of private sector employees were members of such a scheme in 2017, compared with 32 per cent in 2013. At the time of the EPP 2011 survey, the last survey prior to the introduction of the workplace pension reforms in 2012, this figure stood at 24 per cent. The estimates from EPP 2017 are consistent with those reported in provisional results for the 2016 Annual Survey of Hours and Earnings[10]; these indicate that 60 per cent of private sector employees were members of a workplace pension scheme in 2016.

Given this sizeable increase in membership, we may well expect the profile of membership to have changed. The final two columns in Table 2.4 show how the active members of pension schemes identified in the EPP surveys were distributed across the different forms of provision. Almost one-third (31 per cent) of all active members were members of NEST in 2017, while a similar proportion (27 per cent) were members of a GPP scheme. Around one in six were members of occupational schemes (15 per cent), and a similar proportion were members of a Master Trust scheme other than NEST (14 per cent). A further eight per cent were members of an SHP scheme, while the remaining four per cent had contributions made by their employer to a privately-held personal pension. The profile of active members by scheme type had therefore changed quite considerably since 2013, with a sizeable increase in the percentage of members of NEST, and a decrease in the percentage that were members of occupational schemes.

Table 2.5 provides more detail on how the nature of pension provision varies by employer size. Occupational, GPP and SHP schemes are more common among larger employers. Differences by employer size were less apparent for contributions to personal pensions. Small employers, however, were the most likely to offer access to NEST; almost two-thirds (64 per cent) of small employers did so, compared with around one-third of medium and large employers (35 per cent and 33 per cent respectively).

[10] Statistical bulletin: 2016 Annual Survey of Hours and Earnings: Summary of Pensions Results published on 2 March 2017. Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensiontables/2016provisionaland2015revisedresults

Table 2.5 Overall incidence and type of provision by size of employer, 2017

	Size of organisation (employees)				Cell percentages
	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sectoremployers
Any occupational scheme	2	5	13	34	3
Defined benefit	0	3	8	19	1
Defined contribution	1	0	4	12	1
Hybrid	0	0	1	5	0
GPP scheme	3	8	33	44	5
GSIPP	2	1	1	3	1
Workplace SHP scheme	8	10	17	19	8
Access to NEST	22	64	35	33	30
Access to Master Trust scheme other than NEST	1	9	13	11	3
Contributions to personal pensions	12	8	10	7	11
Any pension provision[a]	45	91	100	100	56
Any workplace scheme[b]	35	89	98	99	47
Weighted base	*2,103*	*542*	*41*	*9*	*2,695*
Unweighted base	*469*	*1,090*	*382*	*772*	*2,713*

Base: All private sector employers indicated by column headings.

Notes:

a. Figures for 'Any provision' may be lower than the sum of the individual forms of provision as some employers may provide more than one type of scheme.

b. 'Any workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme, a workplace-based SHP scheme, access to NEST or access to a Master Trust scheme other than NEST. It thus excludes contributions to personal pensions.

Table 2.6 goes on to show how pension provision varies by industry sector. The provision of a workplace pension or any pension provision were both most common in human health and social work activities (Section Q of the *Standard Industrial Classification (SIC) 2007*), offered by 94 per cent of employers in this sector. Some variation is apparent by type of scheme. While access to NEST was most common in human health and social work activities (Section Q), occupational schemes were most common in transportation and storage (Section H) and GPP schemes most common in information and communication (Section J) and financial and insurance activities (Section K).[11] SHP schemes were most common in wholesale and retail trade (Section G), while Master Trust schemes were most common in accommodation and food service activities (Section I). Contributions to personal pensions were most common in financial and insurance activities (Section K) followed closely by the construction sector (Section F).[12]

[11] The estimates for Section H and Section K should both be treated with caution, however, as each is based on fewer than 100 observations.

[12] Again, estimates for Section K should be treated with particular caution as they are based on fewer than 100 observations.

Table 2.6 Overall incidence and type of provision among employers by industry sector, 2017

														Cell percentages
	Industry sector: SIC (2007) Section[c]													
	C	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**N**	**Q**	**R**	**S**	**All private sector employers**
Any occupational scheme	2	2	1	(21)	2	1	(5)	(2)	1	1	8	(3)	7	3
Defined benefit	1	1	1	(0)	1	0	(1)	(1)	0	1	5	(2)	2	1
Defined contribution	1	1	0	(0)	0	0	(3)	(0)	0	1	2	(0)	4	1
Hybrid	0	0	0	(0)	0	0	(0)	(0)	0	0	0	(1)	0	0
GPP scheme	4	3	5	(2)	1	10	(11)	(4)	8	1	3	(2)	3	5
GSIPP	0	0	0	(0)	0	2	(1)	(0)	6	0	0	(0)	0	1
Workplace SHP scheme	3	5	15	(2)	8	13	(4)	(3)	8	6	11	(1)	8	8
Access to NEST	38	35	33	(20)	26	24	(21)	(34)	17	38	75	(27)	31	30
Access to Master Trust scheme other than NEST	3	3	4	(1)	7	1	(2)	(4)	4	2	3	(0)	3	3
Contributions to personal pensions	8	17	12	(1)	2	12	(18)	(12)	12	15	3	(3)	8	11
Any pension provision[a]	52	59	66	(46)	42	57	(57)	(51)	45	61	94	(35)	57	56
Any workplace scheme[b]	47	44	56	(46)	41	48	(39)	(45)	37	47	94	(32)	50	47
Weighted base	*143*	*316*	*369*	*110*	*173*	*247*	*42*	*86*	*502*	*271*	*142*	*63*	*116*	*2,695*
Unweighted base	*288*	*180*	*461*	*85*	*193*	*109*	*89*	*93*	*313*	*256*	*305*	*84*	*148*	*2,713*

Base: All private sector employers indicated by column headings.

Notes:

a. Figures for ‘Any provision’ may be lower than the sum of the individual forms of provision as some employers may provide more than one type of scheme.

b. ‘Any workplace pension scheme’ refers to the provision of an occupational scheme, a GPP scheme, a workplace-based SHP scheme, access to NEST or access to a Master Trust scheme other than NEST. It thus excludes contributions to personal pensions.

c. Sectors A, B, D, E, and P are not presented as they each contain fewer than 50 observations, but these sectors are included in the ‘All sectors’ column. See Table 7.1 for full sector labels.

2.6 Multiple provision

The findings reported so far in this chapter have shown a sizeable increase in the proportion of private sector employers making some form of pension provision for their employees. In this section, we consider whether employers were providing a single type of provision or whether they offered more than one type.

Overall, half (51 per cent) of employers offered a single form of provision in 2017, with a further four per cent offering multiple types of provision (Table 2.7). In comparison, in 2013 just over one-quarter (27 per cent) of employers provided a single type of provision while six per cent provided multiple types. The overall increase in pension provision therefore reflects an increase in the percentage of employers offering a single type of provision. Employers may also operate multiple schemes of the same type, although most of those employers with a single type of provision operate only one scheme of this type.

Table 2.7 Combinations of types of pension provision, 2013 and 2017

				Column percentages
	Private sector employers		Employees working for such employers	
Type(s) of pension provision	**2013**	**2017**	**2013**	**2017**
Single type of provision	**27**	**51**	**36**	**56**
Occupational	**1**	**2**	**11**	**9**
GPP	**3**	**4**	**9**	**13**
Contributions to personal pensions	**14**	**9**	**3**	**2**
Stakeholder pensions	**8**	**6**	**12**	**5**
NEST	**1**	**27**	**0**	**22**
Master Trust	**-**	**3**	**-**	**5**
Multiple types of provision	**6**	**4**	**44**	**37**
No provision	**68**	**44**	**21**	**7**
Weighted base	***3,020***	***2,695***	***3,056***	***2,760***
Unweighted base	***3,053***	***2,713***	***3,053***	***2,713***

Base: All private sector employers

Note: Figures for 2013 necessarily exclude Master Trust schemes.

The provision of more than one type of scheme was more common among larger employers. Accordingly, while just four per cent of employers provided multiple types of provision, 37 per cent of private sector employees worked in these organisations.

Under the workplace pension reforms, employers must enrol eligible employees into a qualifying pension scheme. Employers may use more than one pension scheme for automatic enrolment. However, the vast majority of those that had automatically enrolled employees used a single scheme for this purpose. Among those employers that had automatically enrolled, just one per cent had multiple pension schemes that they used for automatic enrolment. Unsurprisingly, this was more common among large employers, with 13 per cent of these employers using multiple schemes for automatic enrolment. In Chapter 4, we return to explore the types of schemes used by employers for automatic enrolment in greater detail.

2.7 Access and contributions

Although employers must automatically enrol all eligible employees into a pension scheme and contribute to this in line with the requirements set out by the workplace pension reforms, not all pension schemes provided by employers may be open to new members or offer employer contributions. Thus, while employers must provide a qualifying scheme into which eligible employees must be automatically enrolled, they may also have other schemes which are closed to new members or to which the employer does not contribute.

Table 2.8 builds upon Table 2.4 by focusing only on open schemes. In 2017, two per cent of private sector employers had at least one open occupational scheme, three per cent had at least one open GPP scheme and six per cent had at least one open SHP scheme. Overall, two-fifths (42 per cent) of private sector employers had some form of workplace pension provision that was open to new members in 2017, a notable increase since 2013 when this applied for 16 per cent of private sector employers. Similarly, while ten per cent of employers offered access to an open workplace pension scheme that offered employer contributions in 2013, this had risen to 41 per cent of private sector employers in 2017.

Table 2.9 and Table 2.10 show how the estimates presented in the second column of Table 2.8 vary by size of employer and industry sector. In common with the similar tables discussed earlier in this section, these tables show that there was considerable variability between sub-groups of employers in the provision of open schemes.

Table 2.8 Incidence of open schemes and those attracting employer contributions, 2013 and 2017

				Cell percentages
	Private sector employers		Employees working for such employers	
Type of open scheme	**2013**	**2017**	**2013**	**2017**
Any open occupational scheme	1	2	29	17
Defined benefit	1	1	10	4
Defined contribution	0	0	16	11
Hybrid	0	0	6	1
Open GPP scheme	4	3	31	31
Open SHP scheme	11	6	31	11
With employer contributions	4	5	15	10
Open NEST scheme	1	28	5	38
Open Master Trust scheme	-	3	-	14
Any open workplace pension scheme[a], [b]	16	42	73	88
With employer contributions	10	41	63	87
Weighted base	*3,015*	*2,695*	*3,055*	*2,760*
Unweighted base	*3,043*	*2,713*	*3,043*	*2,713*

Base: All private sector employers

Notes:

a. The figures for 'Any open pension scheme' may be lower than the sum of the individual forms of provision since some employers may provide open schemes of more than one type.
b. 'Any open workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme, a workplace-based SHP scheme, access to Master Trust (2017 only) or access to the NEST scheme. It thus excludes contributions to personal pensions.

Table 2.9 Incidence of open schemes and those attracting employer contributions by size of organisation, 2017

					Cell percentages
	Size of organisation (employees)				
Type of open scheme	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sector employers
Any open occupational scheme	2	4	12	21	2
Defined benefit	0	3	6	8	1
Defined contribution	0	0	4	11	0
Hybrid	0	0	1	3	0
Open GPP scheme	2	7	32	40	3
Open SHP scheme	6	6	12	17	6
With employer contributions	5	5	11	16	5
Open NEST scheme	20	62	34	32	28
Open Master Trust scheme	1	9	13	10	3
Any open workplace pension scheme[a], [b]	29	86	95	97	42
With employer contributions	28	86	95	97	41
Weighted base	*2,103*	*542*	*41*	*9*	*2,695*
Unweighted base	*469*	*1,090*	*382*	*772*	*2,713*

Base: All private sector employers indicated by column headings

Notes:

a. The figures for 'Any open pension scheme' may be lower than the sum of the individual forms of provision since some employers may provide open schemes of more than one type.

b. 'Any open workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme, a workplace-based SHP scheme, access to Master Trust or access to NEST. It thus excludes contributions to personal pensions.

Table 2.10 Incidence of open schemes and those attracting employer contributions by industry sector, 2017

Cell percentages

	Industry sector: SIC (2007) Section[c]													
	C	F	G	H	I	J	K	L	M	N	Q	R	S	All private sector employers
Any open occupational scheme	1	2	1	(21)	2	1	(4)	(2)	1	1	8	(3)	2	2
Defined benefit	0	1	0	(0)	1	0	(1)	(0)	0	0	5	(2)	2	1
Defined contribution	1	1	0	(0)	0	0	(3)	(0)	0	1	2	(0)	0	0
Hybrid	0	0	0	(0)	0	0	(0)	(0)	0	0	0	(1)	0	0
Open GPP scheme	4	3	3	(2)	1	10	(5)	(4)	3	1	3	(2)	3	3
Open SHP scheme	3	2	9	(1)	5	12	(4)	(2)	7	2	6	(1)	7	6
With employer contributions	2	2	6	(1)	5	12	(4)	(1)	6	2	5	(1)	7	5
Open NEST scheme	38	29	32	(17)	26	24	(21)	(33)	15	36	74	(27)	24	28
Open Master Trust scheme	2	3	4	(1)	3	1	(2)	(4)	4	2	3	(0)	3	3
Any open workplace pension scheme[a, b]	46	37	48	(43)	35	47	(35)	(45)	30	43	89	(32)	39	42
With employer contributions	46	37	45	(43)	35	47	(35)	(45)	29	43	88	(32)	39	41
Weighted base	*143*	*316*	*369*	*110*	*173*	*247*	*42*	*86*	*502*	*271*	*142*	*63*	*116*	*2,695*
Unweighted base	*288*	*180*	*461*	*85*	*193*	*109*	*89*	*93*	*313*	*256*	*305*	*84*	*148*	*2,713*

Base: All private sector employers indicated by column headings

Notes:

a. The figures for 'Any open pension scheme' may be lower than the sum of the individual forms of provision since some employers may provide open schemes of more than one type.

b. 'Any open workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme, a workplace-based SHP scheme, access to a Master Trust scheme or access to NEST. It thus excludes contributions to personal pensions.

c. Sectors A, B, D, E, and P are not presented as they each contain fewer than 50 observations, but these sectors are included in the 'All' column. See Table 7.1 for full sector labels.

3 Awareness and understanding of the reforms

Purpose:

- This chapter explores overall awareness of automatic enrolment, awareness of minimum contribution levels, and awareness of the need to declare compliance with The Pensions Regulator (TPR).

Key Findings:

- Nine in ten employers (90 per cent) were aware of the requirement to automatically enrol their eligible workers into a qualifying pension scheme. Levels of awareness were higher among the larger employers; 99 per cent of large employers were aware of the reforms, compared with 88 per cent of micro employers.
- Awareness about specific aspects of the reforms was lower, with two-thirds of employers (66 per cent) aware of the minimum contribution requirements. The lower level of awareness was largely driven by micro employers; 59 per cent were aware of the minimum contribution requirements, compared with 96 per cent of large employers. There were similar patterns of awareness of the need to declare compliance with TPR, with 91 per cent of large employers aware of this compared with 60 per cent of micro employers.
- Not surprisingly, levels of awareness were higher among employers who reported having passed their staging date.

3.1 Introduction

Since 2012, automatic enrolment has been rolled out on a staged basis depending on employer size. Awareness of the reforms in general and awareness of specific requirements of the reforms have increased over time. The Employers' Pension Provision (EPP) Survey 2017 marks the first occasion where the majority of small, medium and large employers, and many micro employers, have started automatic enrolment. As such, it gives further insight into awareness of the requirements of automatic enrolment. This section looks at overall awareness of automatic enrolment, awareness of the minimum contribution levels, and awareness of the need to declare compliance with The Pensions Regulator (TPR).

3.2 Awareness of the reforms

Awareness of the reforms was high amongst employers, with the vast majority (90 per cent) aware of the need to automatically enrol all eligible workers into a qualifying pension scheme. This level is similar to that seen in the 2015 EPP survey (95 per cent).[13] Table 3.1 shows awareness in 2017 by employer size. Levels of awareness increase by size of employer, with 99 per cent of larger employers aware of the requirement for automatic enrolment, compared with 88 per cent of micro employers. Although awareness of the requirements is still high among micro employers, the lower levels of awareness are likely to reflect the fact that the majority of micro employers either had not passed their staging date or were unsure of their staging date (58 per cent). Overall, 97 per cent of employers who reported having passed their staging date were aware of the requirement for automatic enrolment compared with 86 per cent of those who reported not having passed their staging date.

Table 3.1 Awareness of automatic enrolment, by employer size

					Column percentages
	Size of organisation (employees)				
	Micro (1-4)	**Small (5-49)**	**Medium (50-249)**	**Large (250+)**	**All private sector employers**
Aware of automatic enrolment	**88**	**98**	**98**	**99**	**90**
Weighted base	***2,217***	***590***	***42***	***10***	***2,859***
Unweighted base	***498***	***1,169***	***402***	***790***	***2,859***

Base: All private sector employers

[13] We include some comparisons with 2015 throughout this chapter for reference, nevertheless, it is important to bear in mind the caveats regarding comparisons across these years discussed earlier in this report.

3.3 Awareness of requirements of the reforms

As well as automatically enrolling all eligible workers into a qualifying pension scheme, employers are also required to make a minimum contribution and to declare compliance to TPR.

3.3.1 Awareness of the minimum contribution requirement

The majority of employers reported an awareness of the minimum requirements for employers' contribution rates (66 per cent). This was similar to the level of awareness seen in 2015 (65 per cent). However, as Table 3.2 shows, the levels of awareness of minimum contribution requirements varied substantially by employer size, with small, medium and large employers more likely to report being aware of the minimum requirements than micro employers. Awareness was almost universal among large employers (96 per cent) and medium employers (93 per cent).

Table 3.2 Awareness of minimum contribution, by employer size

					Column percentages
	Size of organisation (employees)				
	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sector employers
Aware of minimum contribution requirements	59	86	93	96	66
Weighted base	*2,217*	*590*	*42*	*10*	*2,859*
Unweighted base	*494*	*1,163*	*401*	*787*	*2,859*

Base: All private sector employers

3.3.2 Awareness of the need to declare compliance to The Pensions Regulator

Around two-thirds (65 per cent) of employers were aware of the need to declare compliance with TPR, an increase of 19 percentage points from 2015 (46 per cent in 2015). Table 3.3 shows that awareness of the need to declare compliance varied by employer size, with small, medium and large employers having a much higher rate of understanding (81 per cent, 90 per cent and 91 per cent respectively) compared with micro employers (60 per cent).

Table 3.3 Awareness of need to declare compliance with TPR, by employer size

					Column percentages
	Size of organisation (employees)				
	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sector employers
Aware of need to declare compliance with TPR	60	81	90	91	65
Weighted base	*2,217*	*590*	*42*	*10*	*2,859*
Unweighted base	*494*	*1,163*	*401*	*787*	*2,859*

Base: All private sector employers

Employers who reported having passed their staging date reported higher levels of awareness of the need to declare compliance (82 per cent), compared with those who had not passed their staging date (61 per cent), as shown in Table 3.4.

Since 2015, the proportion of small and micro employers who have started automatic enrolment has increased substantially, which is likely to explain the increase in levels of awareness of the need to declare compliance.

Table 3.4 Awareness of need to declare compliance, by whether or not employer has passed their staging date

				Column percentages
	Size of organisation (employees)			
	Employer has passed staging date	Employer hasn’t passed staging date	Employer does not know if they have passed staging date	All private sector employers
Aware of need to declare compliance	82	61	36	65
Weighted base	*1,462*	*617*	*780*	*2,859*
Unweighted base	*2,398*	*245*	*216*	*2,859*

Base: All private sector employers

Overall, 53 per cent of employers were aware of both the minimum contribution requirements and the need to declare compliance to TPR. One-fifth of employers (21 per cent) said that they were not aware of either requirement. However, two-thirds (65 per cent) of those aware of neither were yet to pass their staging date, which could explain the low levels of awareness.

As Table 3.5 shows, awareness of both requirements differs greatly by employer size, with 47 per cent of micro employers being aware of both requirements, compared with much higher levels of awareness for small (74 per cent), medium (86 per cent) and large (89 per cent) employers.

Table 3.5 Awareness of both minimum contribution and the need to declare compliance, by employer size

					Column percentages
	Size of organisation (employees)				
	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sector employers
Aware of both minimum contribution rates and the need to declare compliance	47	74	86	89	53
Weighted base	*2,217*	*590*	*42*	*10*	*2,859*
Unweighted base	*494*	*1,163*	*401*	*787*	*2,859*

Base: All private sector employers

Awareness of minimum contribution requirements and the need to declare compliance with TPR varies greatly by sector. As Table 3.6 shows, employers in sectors such as financial and insurance activities (87 per cent) and human health and social work (64 per cent) were more aware of minimum contribution requirements and the need to declare compliance than employers operating in the transportation and storage (37 per cent) and real estate (36 per cent) sectors.

Table 3.6 Awareness of both minimum contribution and the need to declare compliance by sector

	Whether employer was aware of minimum contribution and the need to declare compliance	Weighted number of employers	Unweighted number of employers
Manufacturing	65	*149*	*309*
Construction	50	*343*	*195*
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	58	*405*	*482*
Transportation and Storage*	(37)	*112*	*88*
Accommodation and Food Service	50	*180*	*204*
Information and Communication	44	*283*	*115*
Financial and Insurance Activities*	(87)	*43*	*90*
Real Estate	36	*90*	*100*
Professional, Scientific and Technical	50	*550*	*332*
Administrative and Support Service	56	*274*	*266*
Human Health and Social Work	64	*149*	*323*
Arts, Entertainment and Recreation*	(55)	*63*	*87*

Base: All private sector employers

*Unweighted base size of less than 100.

4 Employers' responses to the reforms

Purpose:

- This chapter explores employers' responses to the reforms, including use of deferral and waiting periods, costs of complying with the reforms, types of schemes used for automatic enrolment, employer contributions and communications with employees.

Key Findings:

- One-fifth (19 per cent) of staged employers had adopted a deferral or waiting period for new or newly eligible employees. This was more common among medium and large employers, such that 65 per cent of employees worked for an organisation that had done so.
- Two-thirds (65 per cent) of employers who had begun automatic enrolment stated that its introduction had resulted in an increase in the total pension contributions that their organisation had to make.
- The most common action taken by employers in response to an increase in total pension contributions was to absorb this cost as part of other overheads (stated by 71 per cent of employers).
- The vast majority of small, medium and large employers had an open scheme that they used for automatic enrolment. Around three-quarters of employers providing access to the National Employment Savings Trust (NEST) were using this scheme for automatic enrolment, as were 83 per cent of employers providing access to Master Trust schemes other than NEST.
- In 66 per cent of schemes used for automatic enrolment, employers were increasing contributions over time, while in 24 per cent, employers were contributing at least three per cent from the start. The most common reason for contributing at least three per cent from the start was that employers wanted to offer a better option for their employees, applying for 44 per cent of such schemes.
- The mean employer contribution, averaged across all schemes, was equivalent to four per cent of gross pay, while the median contribution was one per cent. Averaged across members, the median contribution was two per cent of pay.
- Almost all small, medium and large employers had communicated, or planned to communicate, with their employees about the reforms. However, 42 per cent of micro employers had not communicated or had no plans to do so. Letters and all staff emails were more common among larger employers, while face-to face communication was more frequently used by smaller employers.

4.1 Introduction

This chapter explores employers’ responses to the reforms. It begins by examining the use of deferral and waiting periods. The chapter then considers the costs to employers of complying with the reforms and the actions employers have taken in response. The types of schemes used for automatic enrolment are reported, along with information on employer contributions. Finally, the chapter considers communications regarding the reforms by employers, both in terms of the types of information provided to employees and methods of communication used.

4.2 Use of deferral and waiting periods

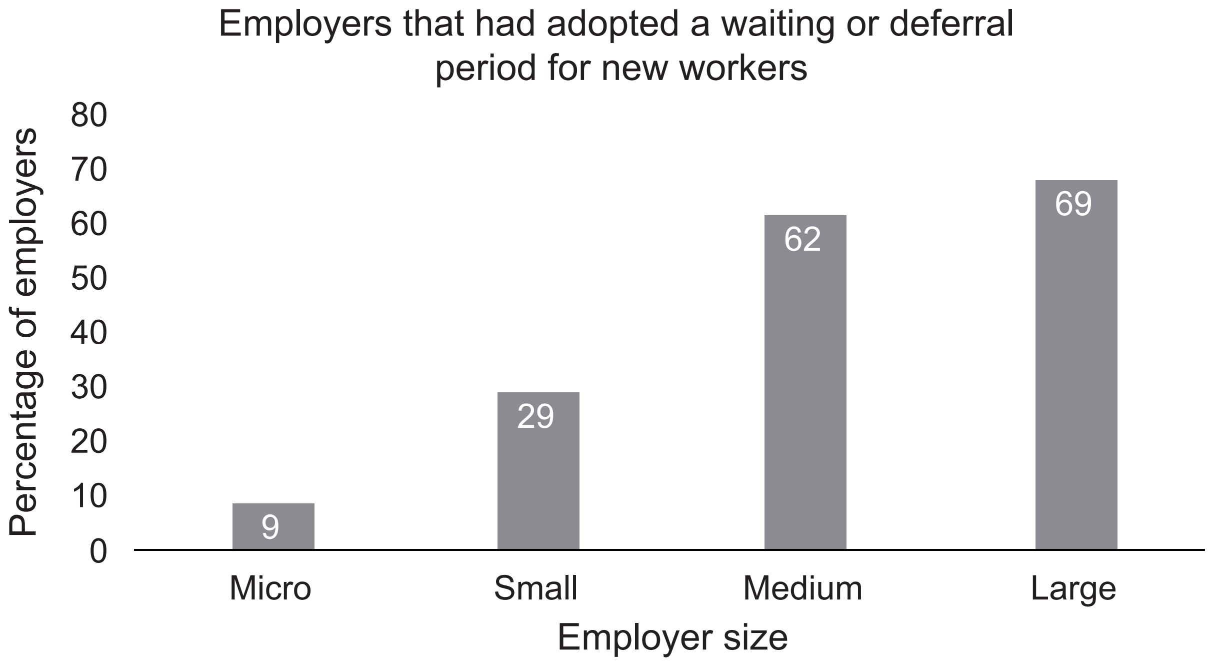
A waiting period, also known as the postponement of automatic enrolment, can be used by an employer to defer the enrolment of an eligible worker into a pension scheme for up to three months from the date they join the company. However, it is important to note that workers can still ask to join their employer’s pension scheme during this time. Overall, one-fifth (19 per cent) of staged employers said they had adopted a waiting or deferral period. This means that 65 per cent of employees work for an employer that uses, or has used, a waiting or deferral period for new starters in the past year.

The level of reported use of a waiting period has varied between waves of EPP surveys, with 35 per cent reporting use of one in 2013, rising to 55 per cent in 2015, and now increasing to 63 per cent in 2017. For the purposes of comparison, this latter figure is based only on medium and large employers.

It is important to note that the characteristics of employers who have staged, based on the number of employees, has changed substantially between waves of EPP surveys. Automatic enrolment has been rolled out gradually since 2012, starting with the largest employers. In 2015, at the time of the previous Employers’ Pension Provision Survey, almost no small or micro employers would have passed their staging date. However, at the time of fieldwork in 2017, the majority of all employers had passed their staging date: 42 per cent of micro, 84 per cent of small, 91 per cent of medium and 94 per cent of large employers had done so.

In 2017, larger employers were more likely to report having adopted a waiting period compared with smaller employers (Figure 4.1).

Figure 4.1 Waiting/deferral periods by employer size



Base: All staged employers.

Unweighted (weighted) number of employers: Total 2,367 (1,249), Micro 235 (733), Small 999 (468), Medium 375 (39), Large 758 (9).

Use of a waiting period varies slightly by the sector of the employer. One-quarter (26 per cent) of employers within the accommodation and food service sector reported that they had adopted a waiting or deferral period, compared with around one-fifth of all employers (19 per cent). The next two most prevalent adopters of waiting periods by industry sector were employers in human health/social work (22 per cent) and administrative and support service activities (22 per cent).

Employers tended to apply a waiting period either to all eligible employees, or to a very small proportion of employees. Forty-four per cent of employers applied waiting periods to all eligible employees, while 43 per cent did the same for zero to five per cent of employees. A minority fell between these bands, with the remaining 11 per cent of employers who used a deferral period being unsure what proportion of employees this applied to. The proportion of employees that this deferral period applied to varied by employer size, with the larger employers most likely to apply it as a blanket policy to all employees, and smaller employers more likely to apply it on a smaller scale, case-by-case basis (Table 4.2).

Table 4.2 Proportion of employees to whom a waiting/deferral period has been applied by employer size

					Column percentages
	Size of employers (employees)				
	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sector employers that have adopted a deferral period
Waiting/deferral period applied to all employees		41	69	88	44
Waiting/deferral period applied to zero to five per cent of employees		43	16	3	43
Weighted base	*64*	*118*	*20*	*5*	*208*
Unweighted base	*25*	*302*	*196*	*464*	*987*

Base: All private sector employers which have adopted a deferral period

4.3 Costs of complying with the reforms

4.3.1 Increases in total pension contributions and administrative costs

Employers who had implemented automatic enrolment were asked whether its introduction had resulted in an increase in costs, both in terms of any increase in the total pension contributions made or in administrative costs. Almost two-thirds (65 per cent) of employers stated that the introduction of automatic enrolment had resulted in an increase in the total pension contributions that their organisation had to make (Table 4.3). Just under one-third (30 per cent) of employers reported that total pension contributions had not increased as a result, while one in twenty did not know. Some variation was apparent by employer size; just over half (54 per cent) of micro employers who had begun automatic enrolment reported experiencing an increase in total pension contributions, compared with 83 per cent of large employers. This applied for 78 per cent of small employers and 80 per cent of medium-sized employers.

A slightly lower proportion of employers reported that the introduction of automatic enrolment had resulted in an increase in administrative costs. Just over half (52 per cent) of employers reported this to be the case (Table 4.3). Around two-fifths (44 per cent) of employers stated that administrative costs had not increased, while the remaining four per cent said that they did not know.[14] Again, micro employers were less likely to report that administrative costs had increased compared with larger employers; 46 per cent of micro employers reported an increase in administrative costs compared with 62 per cent of large employers.

[14] This group also included a small number of employers who responded, “It depends”. This group accounted for one per cent of all private sector employers who had begun automatic enrolment.

Table 4.3 Increases in costs as a result of automatic enrolment, by size of organisation, 2017

					Column percentages
	Size of organisation (employees)				
	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sector employers who had begun automatic enrolment
Increase in total pension contributions					
Yes	54	78	80	83	65
No	40	17	12	9	30
Don't know	5	5	7	8	5
Increase in administrative costs					
Yes	46	61	53	62	52
No	51	34	40	29	44
It depends/Don't know	3	4	7	10	4
Weighted base	*692*	*498*	*41*	*10*	*1,241*
Unweighted base	*236*	*1,053*	*392*	*778*	*2,459*

Base: All private sector employers which had begun automatic enrolment

4.3.2 Strategies for dealing with increases in costs

Where employers stated that they had experienced an increase in the total pension contributions they had to make as a result of the reforms, they were asked what actions they had taken to absorb this increased cost. The most common action reported was that the cost had been absorbed as part of other overheads, stated by 71 per cent of respondents (Table 4.4). Just under half (47 per cent) of employers reported they had absorbed this through a reduction in profits. Around one in ten stated that they had increased prices (11 per cent) or implemented lower wage increases (ten per cent), while five per cent had changed their existing pension scheme or re-structured or reduced their workforce. Just one per cent of employers had reduced contribution levels for existing members prior to the reforms. Fourteen per cent of employers had taken none of the stated actions.

Table 4.4 Employers' strategies to absorb increase in total pension contributions, by size of organisation

					Column percentages
	Size of organisation (employees)				
Employers' strategies	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sector employers reporting an increase in contributions
Absorbed as part of other overheads	75	68	68	64	71
Reduction in profits	42	51	55	42	47
Increased prices	8	13	16	14	11
Lower wage increases	10	11	9	10	10
Changed existing pension scheme	2	7	11	14	5
Re-structured/ reduced workforce	3	7	4	4	5
Reduced contribution levels for existing members prior to reforms	0	2	2	4	1
Other	0	0	0	1	0
None of these	15	13	12	17	14
Weighted base	*370*	*381*	*32*	*7*	*791*
Unweighted base	*144*	*819*	*302*	*580*	*1,845*

Base: All private sector employers which had begun automatic enrolment and reported an increase in total pension contributions

Note: Respondents could give more than one response.

These patterns were fairly similar across employers of all sizes. However, large employers were more likely to have changed their existing pension scheme, with 14 per cent having done so compared with two per cent of micro employers. This may be due to the fact that large employers were more likely to have had a pension scheme already in place prior to the reforms. Almost two-fifths (38 per cent) of employers reported taking one action in order to absorb the increase in costs, with a further 37 per cent taking two actions. Among those employers taking two actions; the most common combination of strategies was to both absorb the increase as part of other overheads and to take a reduction in profits (cited by 73 per cent of employers taking two actions). A further 12 per cent of employers took three or more actions in response.

4.3.3 Additional burden of implementing the reforms

Employers who had implemented automatic enrolment were also asked about any additional work they faced as a result of implementing the reforms. For each of the tasks listed in Table 4.5, respondents were asked, "on a scale of one to ten, how much work has been produced for each of the following, compared with before you had to comply with automatic enrolment duties?" A score of one represents no extra work at all with a score of ten representing a lot of extra work.

For communicating automatic enrolment to employees, assessing the workforce for eligibility, declaring compliance with The Pensions Regulator (TPR), ongoing administration of the scheme and processing opt-ins, the mean score reported by employers was four. For processing opt-outs, the mean score reported was three. This could reflect the fact that not all of these employers would necessarily have had employees opt out. This pattern is generally also reflected in the median scores, although it is worth noting that the median score for processing opt-outs was equal to one, with the implication that the majority of employers actually experienced no additional work as a result of processing opt-outs. Examining the scores by employer size indicates that this was predominately the case for micro employers.

Scores were typically higher in larger employers compared with those reported by micro and smaller employers, except in the case of declaring compliance with TPR where the mean score was four among employers in all size bands.

Table 4.5 Additional work as a result of implementing automatic enrolment, by size of organisation

					Average score
	Size of organisation (employees)				
Additional work as a result of automatic enrolment	**Micro (1-4)**	**Small (5-49)**	**Medium (50-249)**	**Large (250+)**	**All private sector employers who had begun automatic enrolment**
Communicating automatic enrolment to your employees					
Mean	**4**	**4**	**5**	**6**	**4**
Median	**3**	**4**	**5**	**5**	**4**
Assessing the workforce for eligibility					
Mean	**3**	**4**	**4**	**5**	**4**
Median	**2**	**3**	**4**	**5**	**3**
Processing opt-outs					
Mean	**3**	**3**	**3**	**4**	**3**
Median	**1**	**2**	**3**	**3**	**1**
Declaring compliance with The Pensions Regulator					
Mean	**4**	**4**	**4**	**4**	**4**
Median	**5**	**4**	**4**	**4**	**5**
On-going administration of the pension scheme, deductions and payment of contributions to the scheme					
Mean	**4**	**4**	**5**	**6**	**4**
Median	**3**	**4**	**5**	**5**	**4**
Processing opt-ins					
Mean	**3**	**4**	**4**	**4**	**4**
Median	**2**	**3**	**4**	**3**	**3**
Weighted base	***623***	***467***	***37***	***9***	***1,136***
Unweighted base	***215***	***974***	***361***	***713***	***2,263***

Base: All private sector employers which had begun automatic enrolment

Note: Respondents were asked, "on a scale of one to ten, how much work has been produced for each of the following, compared with before you had to comply with automatic enrolment duties". A score of one represents no extra work at all with a score of ten representing a lot of extra work.

Employers were also asked to estimate how much it had cost their organisation to implement automatic enrolment. Respondents were instructed to include costs of paid for advice but to exclude the costs of making pension contributions. First of all, it is worth noting that 30 per cent of employers did not know how much this had cost. This percentage was much higher among medium and large employers, standing at 50 per cent and 66 per cent respectively. The figures for average costs reported in Table 4.6 should therefore be interpreted with caution.

Around a third (34 per cent) of all employers reported they had incurred zero costs in implementing automatic enrolment; this was much more common among micro employers, with 41 per cent of this group stating this to be the case, compared with eight per cent of large employers. Among those employers that did estimate a cost (including those who reported zero cost), average costs varied considerably by employer size; micro employers reported a mean cost of £279, while this stood at £16,400 among large employers (Table 4.6). These figures for mean costs appear to be driven by some employers with particularly high costs; median costs were lower. Of those employers who estimated a cost, the majority of micro employers reported zero costs, while among large employers the median cost was £4,902.

Table 4.6 Financial costs of implementing automatic enrolment, by size of organisation

	Size of organisation (employees)				
	Micro (1-4)	**Small (5-49)**	**Medium (50-249)**	**Large (250+)**	**All private sector employers who had begun automatic enrolment**
Average cost (£)[a,b]					
Mean	279	848	4,168	16,400	652
Median	0	300	1,283	4,902	50
Weighted base	509	337	21	3	870
Unweighted base	169	704	181	262	1,316
Report zero cost (%)	41	26	13	8	34
Report cost of greater than zero (%)	32	42	37	25	36
Cost not known (%)	26	32	50	66	30
Weighted base	*692*	*498*	*41*	*10*	*1,241*
Unweighted base	*236*	*1,053*	*392*	*778*	*2,459*

Base: All private sector employers which had begun automatic enrolment

Notes:

a. Calculated only among those respondents who reported a cost, including those employers who reported zero cost. If average costs are calculated solely among those employers who reported non-zero costs, the mean cost was £1,260, while the median cost was £500.

b. Includes costs of paid for advice but does not include costs of making pension contributions.

4.4 Types of scheme used for automatic enrolment

Chapter 2 reported the prevalence of the different types of pension scheme provided by private sector employers. Not all of these schemes will be used for automatic enrolment, however for each scheme the employer provided,[15] employers were asked whether the scheme was currently being used for automatic enrolment for any workers.

Table 4.7 shows the percentage of schemes used for automatic enrolment, by scheme type. Around three-quarters (76 per cent) of employers who were providing access to the National Employment Savings Trust (NEST) reported that they were using NEST for automatic enrolment,[16] as were 83 per cent of employers who provided access to Master Trust schemes other than NEST. Just under two-thirds (63 per cent) of occupational schemes were used for automatic enrolment, while this applied for just over half of both group personal pension (GPP) and stakeholder (SHP) schemes (55 per cent and 53 per cent respectively).

Table 4.7 Whether scheme used for automatic enrolment, by scheme type

					Column percentages
		Scheme type			
Scheme used for automatic enrolment	**Occupational**	**GPP**	**SHP**	**NEST**	**Master Trust**
Yes	**63**	**55**	**53**	**76**	**83**
No	**37**	**45**	**47**	**24**	**17**
Weighted base	***609***	***713***	***374***	***1,127***	***246***
Unweighted base	***605***	***741***	***379***	***1,138***	***246***

Base: All schemes, excluding those where employer did not know if scheme was used for automatic enrolment

Among those employers who reported that they had passed their staging date, almost two-fifths (38 per cent) of employers were using NEST as their scheme for automatic enrolment. Considerable variation by employer size is apparent; among small employers, NEST was the most commonly used for automatic enrolment: 61 per cent of small employers were using NEST for automatic enrolment, compared with around one-third of medium and large employers (33 per cent and 31 per cent respectively). While two per cent of all staged employers had an occupational scheme that they were using for automatic enrolment, this rose to 18 per cent among

[15] Where employers offered access to more than three occupational schemes, more than three stakeholder schemes, or more than three GPP schemes, they were only asked about their three largest schemes of each type. This accounts, however, for the vast majority of schemes.

[16] As NEST was specifically designed for automatic enrolment, we may have anticipated that more employers who were offering access to NEST would have reported that they were using the scheme for this purpose. However, employers may also offer access to other schemes which they may use for automatic enrolment. Furthermore, some employers may have indicated that they were not currently using the scheme for automatic enrolment, as although they offered access to NEST, no current workers participated in the scheme.

large employers. Similarly, while three per cent of staged employers used a GPP scheme for automatic enrolment, 30 per cent of medium employers and 35 per cent of large employers did so.

Table 4.8 Scheme type used for automatic enrolment, by size of organisation

					Cell percentages
	Size of organisation (employees)				
Type of pension provision	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sector employers who had staged
Any occupational scheme	1	4	11	18	2
GPP scheme	0	6	30	35	3
SHP scheme	5	5	10	11	5
Access to NEST	27	61	33	31	38
Master Trust scheme	2	10	13	9	5
Any open scheme used for automatic enrolment	35	86	94	94	53
Weighted base	*884*	*453*	*37*	*9*	*1,383*
Unweighted base	*263*	*954*	*349*	*729*	*2,295*

Base: All private sector employers who had passed their staging date

4.5 Employer contributions

As discussed earlier in this report, the minimum contribution required from employers is being increased over time. Initially employers were required to contribute a minimum of one per cent on a band of qualifying earnings, with this increasing to two per cent in April 2018 and to three per cent by April 2019. This process is sometimes referred to as phasing. Nevertheless, some employers may opt to contribute more than the minimum required.

For each scheme used for automatic enrolment, respondents were asked whether they were currently phasing in the level of contributions, or whether they were contributing at least three per cent (Table 4.9). In two-thirds (66 per cent) of schemes used for automatic enrolment, contributions were being phased in, while in around one-quarter (24 per cent) of such schemes, employers were contributing at least three per cent from the start. For around one in ten schemes (11 per cent) respondents did not know whether they were phasing in contributions or not. This was more common among micro employers; in 17 per cent of schemes offered by micro employers and used for automatic enrolment the respondent did not know whether contributions were being phased in. Small and medium employers were most likely to be phasing in contributions in the schemes they used for automatic enrolment. For just over one-third (35 per cent) of schemes offered by large employers, employers were contributing at least three per cent from the start.

Table 4.9 Whether phasing in contributions, schemes used for automatic enrolment, by size of organisation

	Size of organisation (employees)				Column percentages
	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All schemes used for automatic enrolment
Phasing in contributions	**53**	**78**	**70**	**60**	**66**
Contributing at least 3% from the start	**30**	**17**	**26**	**35**	**24**
Don't know	**17**	**5**	**4**	**6**	**11**
Weighted base	***996***	***1,002***	***93***	***24***	***2,116***
Unweighted base	***165***	***936***	***373***	***832***	***2,306***

Base: All schemes used for automatic enrolment

In schemes where employers indicated that they were already contributing at least three per cent, respondents were asked why they had decided to do so, rather than phasing in the level of contributions. The most common reason given by employers was that they wanted to offer a better option for their employees, which was the case for 44 per cent of schemes where employers were contributing at least three per cent from the start (Table 4.10). In 29 per cent of such schemes employers stated that they were already contributing above the minimum rate, while for around one in ten this was due to wanting to ensure a stable cost for the next few years; a similar proportion said that this was a decision made by trustees. It was much less common for employers to say this was the result of a desire to gain maximum tax benefits, reduce the contribution made by employees or to match other employers. Around one in ten respondents did not know why the organisation was contributing at least three per cent from the start for the scheme, and 13 per cent stated other reasons. These patterns were generally fairly similar for schemes across small, medium and large employers.

Table 4.10 Reasons for contributing 3% from the start, by size of organisation

					Column percentages
	Size of organisation (employees)				
Reasons	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All schemes used for automatic enrolment
To offer a better option for our employees	-	25	24	23	44
Already contributing above the minimum rate	-	30	50	40	29
To ensure a stable cost for the next few years	-	6	6	3	10
Decision made by the trustees	-	4	9	7	9
To match other employers	-	6	7	6	2
To gain maximum tax benefits	-	1	1	3	1
To reduce the contribution made by employees	-	1	1	2	0
Other	-	23	12	21	13
None of these	-	3	0	4	1
Don’t know	-	16	10	10	12
Weighted base		*170*	*24*	*9*	*506*
Unweighted base		*190*	*114*	*288*	*625*

Base: All schemes used for automatic enrolment where employer is contributing at least three per cent from the start

Note: Estimates for micro employers are not presented as they are based on fewer than 50 observations, but they are included in the ‘All schemes’ column. Respondents could give more than one response.

Employers who had not yet passed their staging date or begun automatic enrolment were also asked about their intentions regarding the contributions they would offer, once they started automatic enrolment. Two-fifths (42 per cent) of these employers stated that they would phase in the level of contributions while around one-third (34 per cent) were not planning to do so. The remaining 23 per cent did not know whether they would phase in the level of contributions.

These employers were also asked whether they would contribute at the same rate for all workers, or at different rates for different workers, once they had begun automatic enrolment. A sizeable proportion (40 per cent) of this group of employers did not know whether they would offer the same contribution to all their workers. Among those that did know, the majority said they would offer the same contribution rate to all workers (54 per cent of all employers who had not yet begun automatic enrolment).

Of those employers who said they would contribute at the same rate for all employees, the vast majority (70 per cent) said that once the minimum contribution requirement of three per cent had come into place, they would contribute at the minimum rate of three per cent. A further 16 per cent of these employers said they would contribute more than three per cent, while 15 per cent did not know what their contribution rate would be.

4.5.1 Average employer contributions

Where employers contributed to a pension scheme for at least some employees, regardless of whether the scheme was used for automatic enrolment, they were asked about the average percentage of pay contributed in the last financial year (2016/17).[17] Table 4.11 shows average employer contributions by scheme type. Across all scheme types, the mean employer contribution was equivalent to four per cent of gross pay, while the median percentage contribution was equal to one per cent of pay.[18] When averaged across members, the mean contribution was also four per cent of pay, while the median contribution was two per cent of pay.

In both NEST and Master Trust schemes other than NEST, the median contribution was equivalent to one per cent of pay. Averaged across members, the median contribution was also equivalent to one per cent of pay for both NEST and other Master Trust schemes. The median contribution in occupational schemes was equivalent to three per cent of pay, while the average member of an occupational scheme received a contribution of five per cent of pay. The mean employer contribution rate in GPP schemes stood at 11 per cent, with a median employer contribution of five per cent. Averaged across active members, the mean contribution was equivalent to five per cent of pay, while the median contribution was four per cent of pay. The mean employer contribution in stakeholder schemes was eight per cent of pay, while the median employer contribution was four per cent of pay. Averaged across members of stakeholder schemes, the mean contribution received was four per cent of pay, while the median contribution was three per cent of pay.

[17] More specifically, employers were asked, "Considering contributions made for all members of this pension scheme, what would you say was the average percentage of pay your organisation contributed in the last financial year, 2016/17?" Interviewers were instructed to add, if necessary, "By percentage of pay, I mean contributions to this scheme that are paid as a percentage of workers' gross pay, such as 3% or 4%."

[18] To avoid confusing survey respondents, employers were simply asked about pay, rather than attempting to differentiate between pensionable earnings and total earnings. As stated earlier, the minimum contributions required by employers under the workplace pension reforms relate to a band of qualifying earnings, rather than gross pay.

Table 4.11 Average employer contributions, by scheme type

	Scheme type					
Percentage of pay	**Occupational**	**GPP**	**SHP**	**NEST**	**Master Trust**	**All schemes**
All schemes:						
Mean	6	11	8	1	2	4
Median	3	5	4	1	1	1
Weighted base	*530*	*515*	*219*	*740*	*164*	*2,017*
Unweighted base	*483*	*629*	*271*	*805*	*210*	*2,398*
All members:						
Mean	8	5	4	2	2	4
Median	5	4	3	1	1	2
Weighted base	*431*	*585*	*276*	*808*	*206*	*2,272*
Unweighted base	*401*	*597*	*262*	*773*	*192*	*2,225*

Base: All schemes where the employer contributes for at least some employees and the average percentage contribution was known. For 14 per cent of occupational schemes, 14 per cent of GPP schemes, 20 per cent of SHP schemes, 25 per cent of employers providing access to NEST and 14 per cent providing access to a Master Trust scheme other than NEST, the average percentage contribution was not known/reported.

Where employers were contributing, they were generally contributing at the same rate for all employees. This was the case for 76 per cent of stakeholder schemes where the employer contributed for at least some employees. In 11 per cent of stakeholder schemes, different rates were offered to different employees, and in 13 per cent the respondent did not know. However, the proportion of occupational schemes, NEST and Master Trust schemes that offered the same contribution rate across all employees was higher at 86 per cent, 96 per cent and 90 per cent of schemes, respectively. Among GPP schemes, 70 per cent offered the same rate to all employees, and 28 per cent offered different rates to different employees.

4.6 Communications regarding the reforms

4.6.1 Types of information provided

As part of their legal automatic enrolment duties, employers need to communicate with employees about the outcome of the reforms, whether they were enrolled into a scheme, or deemed ineligible. Overall, 57 per cent of employers reported that they have either communicated or plan to communicate with their employees at the appropriate time about the reforms. This suggests that one-third of employers (33 per cent) have either not communicated, or have no plans to communicate, with their employees about the reforms – despite their legal duty to do so.

This pattern of communication varied substantially based on the size of the employer: micro employers reported not communicating or planning on communicating with employees about the reforms significantly more than small, medium and large employers (42 versus three, zero and two per cent respectively). The most common reason given by employers for this was that they do not have any eligible employees (69 per cent). The second most commonly cited reason for not communicating was that there was no need to provide information, which applied to one-fifth (19 per cent) of employers. Of these 19 per cent, while the majority of employers had passed their staging date, only one-third (35 per cent) of micro employers had done so. This may account for the relatively high level of non-communication, given that awareness of employer duties regarding the reforms will be lower amongst those who have not yet passed their staging date. Those who offered no form of pension provision were more likely not to have communicated anything about the reforms (57 per cent) compared with those who offered some form of pension provision (43 per cent).

The most commonly cited types of information provided to employees around the reforms were: general information on automatic enrolment (34 per cent), information from the pension provider itself (15 per cent), scheme specific information (13 per cent) and information on contribution levels (12 per cent).

Overall, the larger the business, the higher the level of communication with employees about the reforms. This was particularly the case regarding the provision of general information about automatic enrolment, as shown in Table 4.12.

Table 4.12 Provision of general information to employees about automatic enrolment by employer size

					Column percentages
	Size of organisation (employees)				
	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sector employers
Provision of general information on automatic enrolment	28	56	60	66	34
Weighted base	*613*	*332*	*25*	*6*	*977*
Unweighted base	*498*	*1,169*	*402*	*790*	*2,859*

Base: All private sector employers

4.6.2 Methods of communication

Overall, sending letters was the most common means of communicating with employees, with 58 per cent of employers using this method. The second most common was face-to-face communication on a one-to-one basis (47 per cent) followed by individual emails (22 per cent). The majority of employers (42 per cent) used only one method of communication. One-third (31 per cent) used two methods, and just one in ten (12 per cent) used three methods.

The method of communication used was often related to business size. Larger employers more commonly used mass and written communications such as letters and all company emails, while smaller employers often chose a more tailored, ad-hoc approach (Figure 4.13).

Almost half (49 per cent) of micro employers sent letters, compared with over three-quarters of small, medium and large-sized businesses (76, 79 and 80 per cent respectively). Similarly, seven per cent of micro employers used all staff emails, while 20 per cent of medium and large companies did the same.

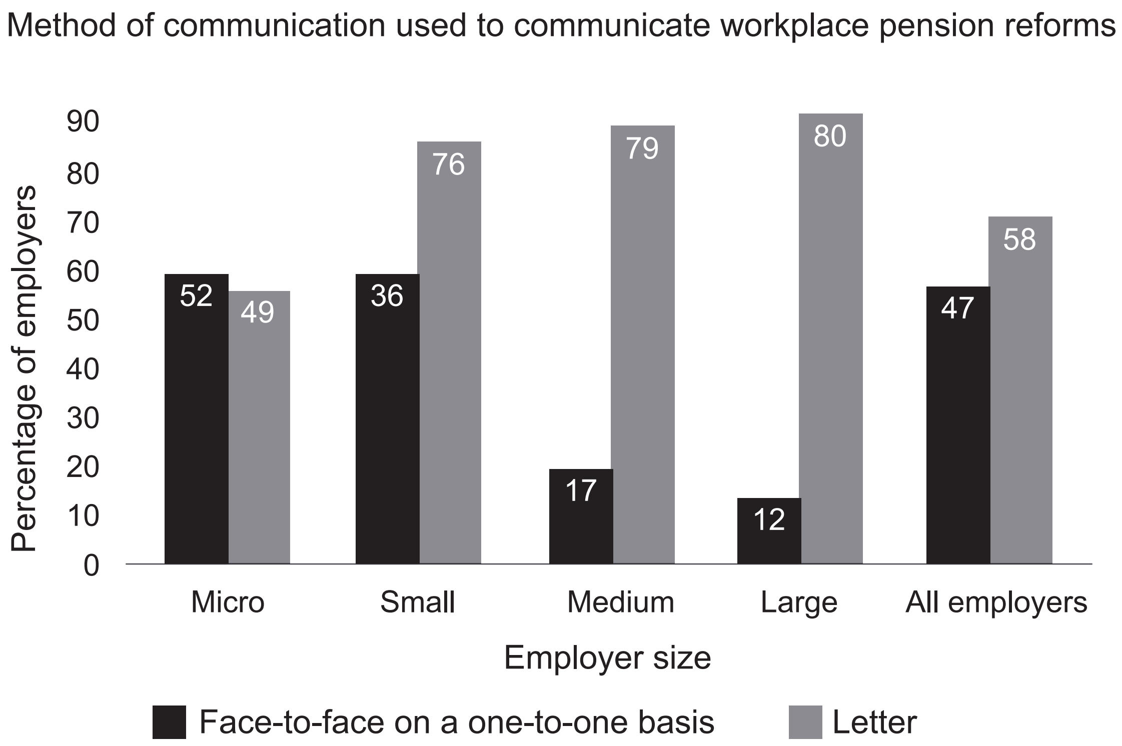
On the other hand, 52 per cent of micro employers used face-to-face communication on a one-to-one basis with employees, while this was the case for only 36 per cent of small, 17 per cent of medium and 12 per cent of large businesses.

TPR states that information needs to be given in writing to employees.[19] Overall, 71 per cent of employers who had communicated with their employees reported that they did so in writing. This was less likely among the smallest employers, with 64 per cent of micro employers doing so, compared with 87, 90 and 89 per cent of small, medium and large employers respectively. Although there were differences in employee opt-out rates by size of employer there was no significant difference in these rates based on the method of communication used.[20]

[19] http://www.thepensionsregulator.gov.uk/docs/resource-info-to-workers.pdf

[20] See Chapter 5 for estimates of opt-out rates.

Figure 4.13 Method of communication by employer size

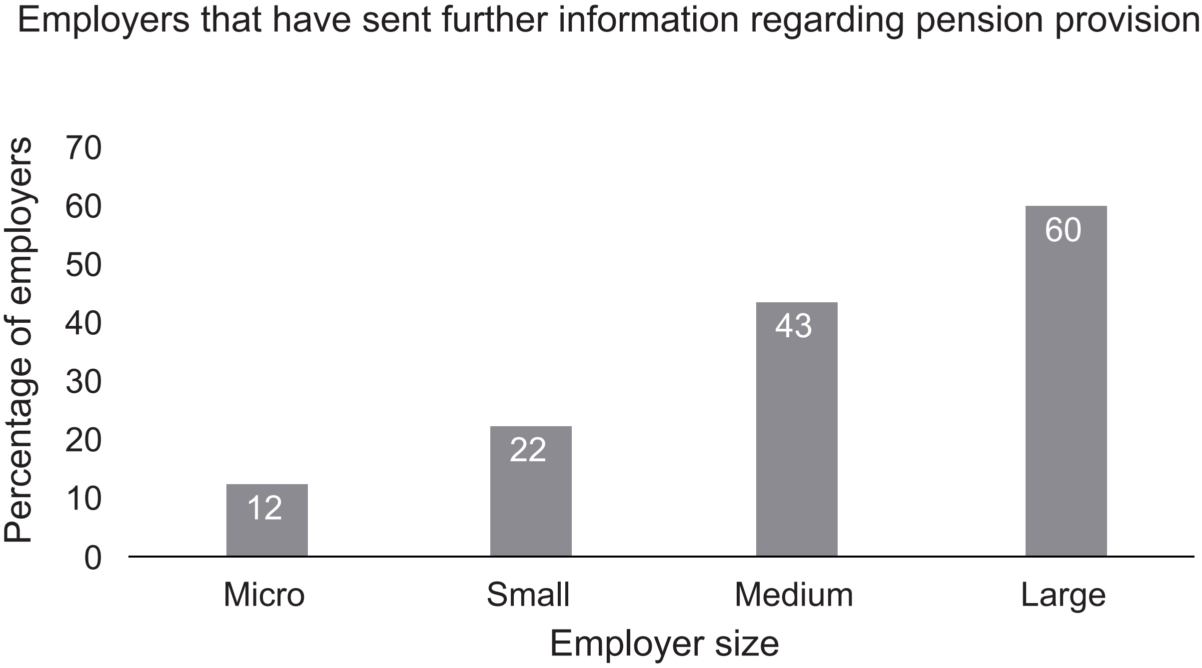


Base: All private sector employers who have sent out information about pension provision to their employees. Unweighted/(weighted) number of employers: Total 2,679 (1,911), Micro 356 (1,287), Small 1,144 (572), Medium 397 (42), and Large 782 (10).

4.6.3 Further communications among employers who have started automatic enrolment

Of all employers who had passed their staging date, only a relatively low proportion (17 per cent) reported that they had engaged in further communications about the pension provision offered by their organisation. However, when responding, many employers would have staged recently and therefore had insufficient time or need to engage in further communications with employees. Overall, larger employers were more likely than smaller employers to have communicated further with their employees, as shown in Figure 4.14.

Figure 4.14 Communication of further information by employer size



Base: All private sector employers who have started automatic enrolment. Unweighted/(weighted) number of employers: Total 2,459 (1,241), Micro 236 (692), Small 1,053 (498), Medium 392 (41), and Large 778 (10).

Of those who had sent out further communications to their employees, almost half (48 per cent) provided general information on automatic enrolment. One-fifth (21 per cent) said they provided scheme-specific information such as provider, scheme charges and administration.

When providing further information to employees, businesses used similar methods as previously, with letters (57 per cent), face-to-face communication (29 per cent) and individual emails (20 per cent) the most preferred methods. Among those who did not provide further information in the past year, over half (55 per cent) said this was because they did not see a need to provide it. A minority of micro employers (15 per cent) also said it was due to not having any eligible employees.

5 Opt-out, cessation and opt-in

Purpose:

- This chapter reports on opt-out rates, cessation of membership, and enrolment of non-eligible workers.

Key Findings:

- In eight per cent of firms with a scheme used for automatic enrolment, at least some non-eligible workers had been enrolled into a scheme in the last financial year (2016/17). This was more common among larger employers, applying for 34 per cent of large firms compared with two per cent of micro firms.
- In 63 per cent of schemes where at least some non-eligible employees had been enrolled, the employees had actively asked to join the scheme. However, in 29 per cent of such schemes the employer stated that it was company policy to enrol everyone.
- Among firms with a scheme used for automatic enrolment, nine per cent of employees who were automatically enrolled in the last financial year decided to opt out. Direct comparisons with earlier surveys in the Employers' Pension Provision (EPP) series are not possible due to changes in question wording, but this figure does not suggest any notable increase in average opt-out rates since 2015.
- Employers estimated that 16 per cent of employees who had been automatically enrolled in the last financial year had ceased active membership. Based on those employers who were able to provide an estimate, 67 per cent of all employees who ceased saving did so because they had left their employer.
- The majority (72 per cent) of employers who had begun automatic enrolment reported that they did not take any action to encourage their employees to stay in the pension scheme. Larger employers were more likely to have taken some action to encourage employees to do so.
- Where employers did undertake such activities, the most commonly reported activities were providing information about the scheme and its benefits, and communicating reasons why employees should stay in the scheme.

5.1 Introduction

Employers are required to automatically enrol all eligible employees into a qualifying pension scheme. Non-eligible employees may either request to opt into the pension scheme or, in some cases, they may be enrolled as standard as part of their company policy (without having actively chosen to become a member).

Following automatic enrolment into a pension scheme, an employee can opt out of the scheme within the first month of active membership. Employees who leave the scheme after this initial period are referred to as having ceased active membership. Employees are considered to have ceased active membership if they leave the scheme due to leaving their employment or if they have actively decided to stop saving into the scheme for any other reason.

This chapter explores the opt-out, cessation and opt-in rates among private sector employers.[21] The chapter begins by considering those employees who are not eligible for automatic enrolment but who were enrolled into the pension scheme and the reasons behind this choice. It then looks at employees who choose to stop saving into a workplace pension scheme, either choosing to opt out within the first month of being automatically enrolled, or deciding to leave the scheme at a later date.

At the time of EPP 2017, some employers were almost five years on from their original staging date. As such, total estimates of opt-out since the employer began automatic enrolment were not likely to be very meaningful. Therefore, the questions surrounding opt-out and cessation rates were updated in 2017 to ask only about rates amongst those who were automatically enrolled in the last financial year. This means that the opt-out and cessation rates are based on recent behaviour, but does also mean that no direct comparisons can be made with opt-out and cessation rates from previous sweeps of the EPP series.

The majority of estimates in this section are based on employment-weighted estimates; the employer-weighted estimates are reported in Appendix B.

5.2 Enrolment of non-eligible employees

Employers were asked whether any workers who were not eligible for automatic enrolment had been enrolled into the scheme(s) they used for automatic enrolment. Respondents were instructed to include all non-eligible employees enrolled, regardless of the reason why they had been enrolled. This could, therefore, include not only employees who had actively decided to join the scheme, but also those

[21] **Opt-out**: Where an employee has been automatically enrolled, they can choose to 'opt out' of a pension scheme. This has the effect of undoing active membership, as if the worker had never been a member of a scheme on that occasion. It can only happen within a specific time period, known as the 'opt-out period' (one month from the date of automatic enrolment).

Cessation: When a worker has ceased active membership. If an eligible jobholder chooses to stop paying into an automatic enrolment scheme after the end of the opt-out period, they are said to cease active memb ership.

Opt-in: Eligible employees can choose to join the pension scheme nominated by the employer for automatic enrolment during the postponement period, where applicable. Non-eligible employees and entitled workers have the right to do the same at any time.

employees enrolled as a result of company policy.

Overall, in eight per cent of employers with a scheme used for automatic enrolment, at least some non-eligible employees had been enrolled into a scheme in the last financial year (2016/17). This increased with employer size; in 34 per cent of large employers at least some non-eligible employees had been enrolled into a scheme used for automatic enrolment, compared with two per cent among micro employers.

Table 5.1 shows average rates of enrolment for non-eligible employees. This rate is calculated as the number of non-eligible workers enrolled in the last financial year, as a percentage of the number of workers in the organisation who were ineligible immediately before starting to implement automatic enrolment. This measure is therefore a proxy for the rate of enrolment of non-eligible workers, and should be interpreted with some caution. It should also not be considered to accurately reflect opt-in, since some of these employees will have been enrolled as a result of company policy rather than actively deciding to join the scheme.

With these caveats in mind, Table 5.1 shows that the mean enrolment rate of non-eligible workers stood at six per cent.[22]

Table 5.1 Enrolment rates of non-eligible employees, by size of organisation

					Cell percentages
	Size of organisation (employees)				
Average enrolment rate[a] (mean)	**Micro (1-4)**	**Small (5-49)**	**Medium (50-249)**	**Large (250+)**	**All**
Employment-weighted estimates	**(3)**	**9**	**6**	**4**	**6**
Weighted base	***30***	***345***	***183***	***595***	***1,153***
Unweighted base	***72***	***612***	***215***	***360***	***1,259***

Base: All private sector employers with at least one scheme used for automatic enrolment, and who had at least some non-eligible employees immediately prior to starting automatic enrolment.

Notes:

a. Employers who did not know if any non-eligible employees had opted in, or did not know how many had opted in, are excluded, as are those for whom the number opting in was greater than the number of non-eligible employees immediately prior to starting automatic enrolment.

As noted above, employers were instructed to include all non-eligible employees in their responses, regardless of the reason for their enrolment. In those schemes where at least some non-eligible employees had been enrolled (accounting for eight per cent of all schemes), employers were asked why they were enrolled. In 63 per cent of such schemes, the employees had actively asked to join, while in 29 per cent the employer stated that it was company policy to enrol everyone (Table 5.2).[23] For nine per cent of schemes, employers stated this was due to some other reason. Small employers were more likely to say that it was company policy to enrol everyone; this was given as the reason for 28 per cent of schemes that had enrolled

[22] This is based on employment-weighted estimates. If we consider this instead in terms of the average among employers, the mean enrolment rate stood at seven per cent.

[23] As in eight per cent of schemes at least some non-eligible employees had been enrolled, this implies that in five per cent of all schemes at least some employees had actively asked to join, while in two per cent of schemes it was company policy to enrol everyone.

non-eligible employees among small employers, compared with 14 per cent of schemes provided by large employers.

Table 5.2 Reasons for enrolment of non-eligible employees, by employer size

					Column percentages
	Size of organisation (employees)				
Reasons for enrolment of non-eligible workers	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All schemes where non-eligible workers enrolled
It's the company policy to enrol everyone	-	28	(18)	14	29
They actively asked to join	-	63	(69)	84	63
Some other reason	-	9	(13)	2	9
Weighted base	*-*	*102*	*17*	*7*	*151*
Unweighted base	*-*	*109*	*74*	*270*	*459*

Base: All schemes where at least some non-eligible workers had been enrolled in the last financial year

5.3 Opt-out rates

Employers were asked how many of their workers who were automatically enrolled into the qualifying pension scheme, opted out within one month of being automatically enrolled. The opt-out rate is calculated as the proportion of employees who have left the scheme after they were automatically enrolled, in the first month after being enrolled in the last financial year. If the employer was using multiple schemes for automatic enrolment then the opt-out rate was calculated across all schemes used.

As discussed above, the change to looking at opt-out rates only within the last financial year means that these estimates cannot be compared with previous EPP estimates.

Overall, among employers with a scheme used for automatic enrolment, nine per cent of employees who were automatically enrolled in the last financial year decided to opt out.[24] It is not possible to draw direct comparisons between the 2015 and 2017 results due to the change in the questions. However, the overall opt-out rate has remained stable between 2015 and 2017.

Table 5.3 shows opt-out rates by employer size. While this suggests that opt-out rates were highest among small employers, with an average opt-out rate among employees of 12 per cent, differences by employer size were not statistically significant.

[24] This is based on employment-weighted estimates. If we consider this instead in terms of the average among employers, the mean opt out rate stood at 11 per cent.

Table 5.3 Opt-out rate by employer size

					Column percentages
		Size of organisation (employees)			
Average opt-out rate (mean)	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All
Employment-weighted estimates	10	12	9	8	9
Weighted base	***61***	***436***	***269***	***707***	***1,473***
Unweighted base	***121***	***759***	***257***	***455***	***1,592***

Base: All private sector employers who have started automatic enrolment

There was some small variation in opt-out rates by scheme type (Table 5.4), but these differences were not statistically significant. There was little difference in opt-out rates by sector (Table 5.5).

Table 5.4 Opt-out rate by scheme type

						Column percentages
			Scheme type			
	Stakeholder	NEST	Master Trust (other than NEST)	Occupational	GPP	All who have automatically enrolled employees
Employment-weighted estimates	8	10	9	13	8	9
Weighted base	***124***	***599***	***223***	***190***	***416***	***1,473***
Unweighted base	***137***	***784***	***157***	***177***	***397***	***1,592***

Base: All private sector employers who have started automatic enrolment

Table 5.5 Opt-out rate by sector[25]

Column percentages

	Sector							
	Manufacturing	Construction	Wholesale and retail	Accommodation and food service	Professional, scientific and technical activities	Administrative and support service activities	Human health and social work	All employers who have started automatic enrolment
Employment-weighted estimates	9	10	10	7	8	7	12	9
Weighted base	*157*	*80*	*271*	*145*	*128*	*142*	*132*	*1,473*
Unweighted base	*194*	*107*	*255*	*107*	*187*	*141*	*198*	*1,592*

Base: All private sector employers who have started automatic enrolment

[25] Only sectors with a base of 100 or more are shown in this table.

5.4 Cessation rates

Employers were asked how many of their workers who were automatically enrolled into the qualifying pension scheme ceased active membership – that is, left the scheme after one month.

The cessation rate is calculated as the proportion of employees automatically enrolled into a pension scheme in the last financial year who have left the scheme, for any reason, after the one month opt-out period.

Overall, employers estimated that 16 per cent of employees who had been automatically enrolled in the last financial year had ceased active membership by the time of survey fieldwork (July to October 2017).[26]

As shown in Table 5.6, large and medium-sized employers reported higher cessation rates compared with small and micro employers (14 and 23 per cent compared with seven and six per cent respectively).

Higher opt-out rates reported by an employer tended to be associated with higher levels of cessation. Where employers reported that no-one opted out of the scheme, the cessation rate was three per cent, compared with 27 per cent among employers reporting an opt-out rate of over 50 per cent.[27]

Table 5.6 Cessation rate by employer size

					Column percentages
	Size of organisation (employees)				
	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sector employers who have automatically enrolled employees
Employment-weighted estimates	6	7	14	23	16
Weighted base	*61*	*429*	*261*	*641*	*1,391*
Unweighted base	*498*	*1,169*	*402*	*709*	*1,534*

Base: All private sector employers who have started automatic enrolment

[26] These are employment-weighted estimates. If we consider this in terms of the employer-weighted estimates instead, the average cessation rate was seven per cent.

[27] Employer-weighted estimates.

Table 5.7 shows cessation rates by scheme type. The highest cessation rates are found in Master Trust schemes (other than the National Employment Savings Trust (NEST)) at 27 per cent.[28] However, this difference is not statistically significant.

Table 5.7 Cessation rate by scheme type

						Column percentages
	Scheme type					
	Stakeholder	**NEST**	**Master Trust (other than NEST)**	**Occupational**	**GPP**	**All private sector employers who have automatically enrolled employees**
Employment-weighted estimates	**14**	**11**	**27**	**17**	**18**	**16**
Weighted base	***117***	***592***	***191***	***184***	***392***	***1,391***
Unweighted base	***133***	***763***	***149***	***167***	***377***	***1,534***

Base: All private sector employers who have started automatic enrolment

[28] This figure is 12 per cent based on employer-weighted estimates.

Table 5.8 Cessation rate by sector[29]

Column percentages

	Sector							
	Manufacturing	Construction	Wholesale and retail trade	Accommodation and food services	Professional scientific & technical activities	Administrative	Human Health and Social work	All employers who have started automatic enrolment
Employment-weighted estimates	**13**	**8**	**26**	**21**	**13**	**8**	**16**	**16**
Weighted base	***154***	***69***	***250***	***136***	***126***	***138***	***125***	***1,391***
Unweighted base	***193***	***107***	***248***	***100***	***180***	***135***	***190***	***1,534***

Base: All employers who have started automatic enrolment

[29] Only sectors with a base of 100 or more are shown in this table.

5.4.1 Reasons for ceasing active membership of a pension scheme

As noted, employees who leave the pension scheme after the initial one month opt-out period are referred to as having ceased active membership. Employees are considered to have ceased active membership if they leave the scheme due to leaving their employment or if they have actively decided to stop saving into the scheme for any other reason.

Employers were asked to estimate how many of their employees who had ceased active membership had done so because they had left their job, and how many had done so because they had actively decided to stop saving. Overall, employers who were able to provide a number, reported that on average 67 per cent of all employees who ceased saving did so because they had left their job. This figure was fairly consistent across employer size (69 per cent among small employers, 69 per cent among medium employers and 66 per cent among large employers).[30]

5.4.2 Actions to encourage employees not to opt out/cease membership

Employers are required to inform their employees in writing whether they have been automatically enrolled into a pension scheme, or the reasons why they have not been enrolled. Employees who have been automatically enrolled then have the option to remain in the pension scheme or leave the pension scheme; employers are under no obligation to encourage employees to remain within the pension scheme.

Employers were asked what activities they undertook to encourage their employees to remain within the pension scheme. The majority of employers that had started automatic enrolment reported that they did not take any action to encourage their employees to stay in the pension scheme (72 per cent). Table 5.9 shows how this varied by employer size.

Small employers were more likely than large employers to report that they did not undertake any activities to encourage employees to remain within a pension scheme (74 per cent compared with 65 per cent).

Overall, 17 per cent of employers reported undertaking one activity to encourage their employees to remain in the pension scheme and six per cent reported undertaking more than one activity. The most commonly reported activities were:

- to provide information about the scheme and benefits (nine per cent); and
- to communicate reasons why they should stay in the scheme (seven per cent).

[30] Employment-weighted estimates. The base size for micro employers is too small to report.

Table 5.9 Activities undertaken by employers to encourage employees not to opt out or cease saving into a pension scheme

					Column percentages
	Size of organisation (employees)				
	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sector employers who have automatically enrolled employees
Provide information about the scheme and its benefits	5	14	13	17	9
Communicate the reasons for staying in the scheme	8	6	7	11	7
Explain how much their pension could be worth	6	4	3	3	5
Provide information about the state pension	5	4	5	4	4
Highlight the employer contribution as a benefit of staying in the scheme	4	6	10	9	5
Encourage employees to access online information about the scheme	1	2	1	3	2
Something else	5	2	3	3	4
Do not do anything to encourage employees to remain in the scheme	71	74	68	65	72
Weighted base	*692*	*498*	*41*	*10*	*1,241*
Unweighted base	*236*	*1,053*	*392*	*778*	*2,459*

Base: All private sector employers who have automatically enrolled employees

Micro employers were less likely than larger employers to provide information about the scheme and its benefits (five per cent compared with 17 per cent of larger employers). Micro employers were also less likely to highlight the employer contributions as a reason to remain within the pension scheme (four per cent), compared with medium and large employers (ten and nine per cent respectively).

6 Re-enrolment

Purpose:

- This chapter reports on employers' awareness of re-enrolment, communications about re-enrolment, and opt-out rates and cessation rates following re-enrolment.

Key Findings:

- Overall, 62 per cent of staged employers were aware of the requirement to automatically re-enrol their employees. Awareness was higher among larger employers who had either passed their re-enrolment date or were closer to this date.
- Only a small proportion of employers had started automatically enrolling employees reported having passed their re-enrolment date (nine per cent). This was higher among large employers (79 per cent) and medium employers (32 per cent).
- Awareness of the need to declare compliance with The Pensions Regulator (TPR) following re-enrolment was lower than following automatic enrolment. Just over one-third of employers (36 per cent) were aware of the need to declare compliance. This figure was 84 per cent among large employers and 61 per cent among medium employers.
- The majority of medium and large employers that had passed their re-enrolment date reported having sought advice or information (80 per cent). Employers were most likely to seek advice or information from a pension provider, TPR, or an independent financial advisor. Just under three-quarters of these employers (73 per cent) had communicated with their employees about re-enrolment.
- The overall opt-out level following re-enrolment among medium and large employers was 33 per cent. This varies by size of employer, with an opt-out rate of 50 per cent for medium employers and 31 per cent for large employers.
- The overall level of cessation following re-enrolment among medium and large employers was 24 per cent, with medium employers having a higher cessation rate compared with large employers (51 per cent compared with 18 per cent).
- Among employers who had not yet passed their re-enrolment date, only eight per cent had begun any preparations for re-enrolment.

6.1 Introduction

This chapter explores employers' awareness of re-enrolment, actions taken by employers during re-enrolment, and the response of employees in terms of opting out or ceasing saving after being automatically re-enrolled. The chapter later discusses how employers who are yet to pass their re-enrolment date are preparing for re-enrolment.

Approximately three years after employers have first passed their staging date, they are required to re-enrol any eligible employees who are not currently members of a pension scheme. On the re-enrolment date, employers need to re-assess all employees and automatically enrol any that are eligible but not currently members of a pension scheme.[31] Employers must write to all employees to inform them that they have been automatically re-enrolled into the pension scheme and complete the re-declaration of compliance with TPR.

The roll-out of automatic enrolment began in October 2012, starting with the largest employers. As the employer's re-enrolment date is three years after their original staging date, only employers with 50 or more employees had passed their re-enrolment date when the Employers' Pension Provision (EPP) Survey 2017 was conducted.

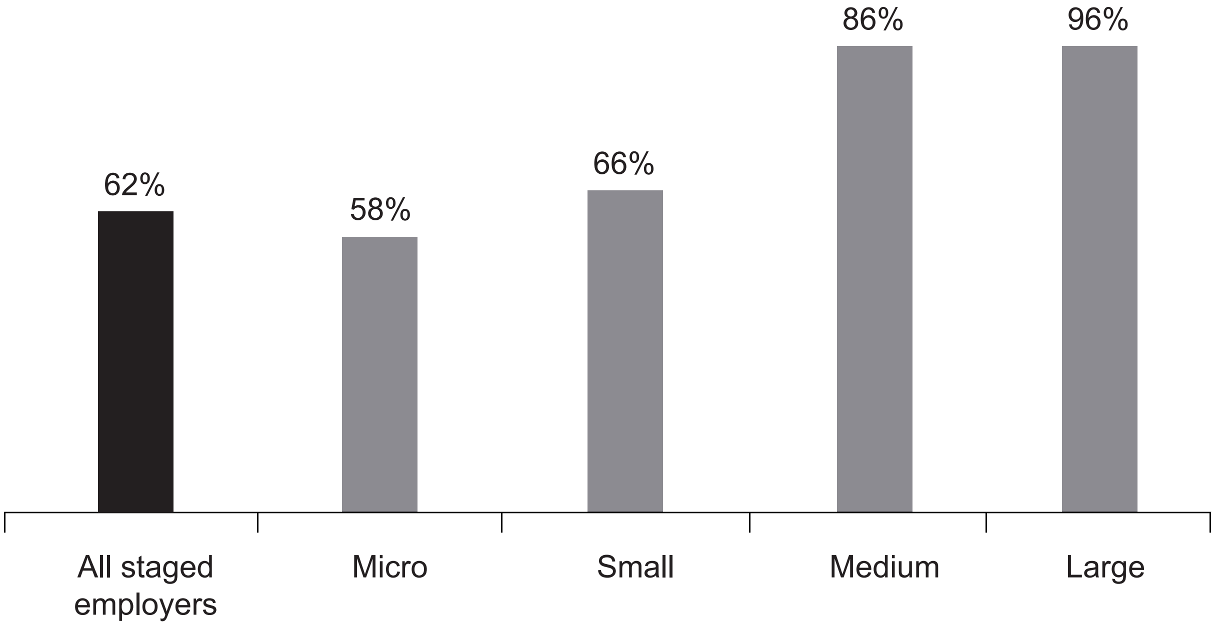
6.2 Awareness of re-enrolment

Employers were asked whether they were aware of the need to engage in re-enrolment three years after they started to automatically enrol their employees. It is worth noting that at the time of EPP 2017, no small or medium-sized employers would have received any communications regarding re-enrolment, as TPR does not contact employers until six months prior to their re-enrolment date.

Overall, 62 per cent of staged employers were aware of re-enrolment. Figure 6.1 shows that awareness was higher among larger employers who were either close to their re-enrolment date or had already passed it. Ninety-six per cent of large employers and 86 per cent of medium employers reported that they were aware of the requirement for re-enrolment, compared with 66 per cent of small and 58 per cent of micro employers.

[31] Any employee who has opted out of the scheme in the 12 months preceding re-enrolment does not have to be re-enrolled.

Figure 6.1 Awareness of re-enrolment amongst staged employers



Base: All private sector employers who have automatically enrolled employees (2,459; Micro 236; Small 1,053; Medium 392; Large 778)

At the time the fieldwork for EPP 2017 was conducted, only employers with 50 or more employees would have passed their re-enrolment date, and no small or micro employers would have received any communications regarding re-enrolment.

Only nine per cent of employers who had automatically enrolled employees reported having passed their **re-enrolment** date. However, this was higher among the larger employers (79 per cent of large, and 32 per cent of medium employers reported having passed their re-enrolment date).

A small proportion of micro and small employers (eight and six per cent respectively) reported that they had passed their re-enrolment date. Given the staging dates for these employers, no small or micro employers should have passed their re-enrolment date at the time of the survey, and small and micro employers have therefore been excluded from any analysis of those who have passed their re-enrolment date. There are a number of possible reasons for these responses given by small and micro employers:

- the size of employer is determined by the number of employees reported within the survey and this could have changed since their original declaration of compliance;
- the employer's original declaration of compliance was earlier because they shared a PAYE scheme with a larger employer;
- the employer had voluntarily brought their original declaration of compliance forward; or
- confusion on the part of the respondent.

Following re-enrolment, employers are required to declare compliance with TPR. Employers were asked whether they were aware of this requirement. Overall, 36 per cent of employers were aware of the need to declare compliance. Awareness was higher among larger employers: 84 per cent of large employers were aware of the need to declare compliance, compared with 34 per cent of micro employers.

Table 6.2 Awareness of need to declare compliance with TPR after re-enrolment

					Column percentages
	Size of organisation (employees)				
	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sector employers
Percentage aware of need to declare compliance	34	42	61	84	36
Weighted base	*2,217*	*590*	*42*	*10*	*2,859*
Unweighted base	*2,141*	*1,169*	*402*	*790*	*2,859*

Base: All private sector employers

6.3 Actions among employers who have passed their re-enrolment date

Employers who reported having passed their re-enrolment date were asked about their experience of re-enrolment. This section covers the types of advice or information sought by employers, information and communications employers shared with employees, and employees' responses to being automatically re-enrolled.

6.3.1 Advice and information sought

Employers were asked whether they had sought any information or advice from a list of sources, which included both paid for sources of advice, as well as sources of information or guidance only. The majority of employers with 50 or more employees who had passed their re-enrolment date reported having sought advice or information (80 per cent). Table 6.3 shows the sources of information and advice selected by employer size. The most commonly selected sources were: a pension provider (42 per cent), TPR (38 per cent), and an independent financial advisor (24 per cent).

Table 6.3 Sources of advice or information sought for re-enrolment

			Column percentages
	Size of organisation (employees)		
	Medium (50-249)	Large (250+)	All employers with 50+ employees who have passed re-enrolment date
Pension provider	37	50	42
The Pensions Regulator	35	42	38
An independent financial advisor	22	26	24
Payroll provider	25	35	16
An accountant	13	7	11
An employee benefits consultant	7	12	9
A lawyer/legal advisor	6	9	7
A bookkeeper	4	2	3
Trade industry body	*	3	1
None of these	19	14	17
Weighted base	*13*	*8*	*21*
Unweighted base	*168*	*645*	*813*

Base: All private sector employers with 50 or more employees who have passed their re-enrolment date

There was some slight variation in the sources of advice used depending on employer size. Large employers were more likely to report that they sought advice from a pension provider than medium employers (50 per cent compared with 37 per cent respectively), from TPR (42 per cent compared with 35 per cent) and from their payroll provider (35 per cent compared with 25 per cent).

6.3.2 Communications regarding re-enrolment

Among medium and large employers who had passed their re-enrolment date, just under three quarters (73 per cent) had communicated with their employees about re-enrolment. Table 6.4 shows the topics of communication about re-enrolment by employer size. The most common topics were general information on automatic enrolment (37 per cent) and information about a specific scheme offered (15 per cent).

Table 6.4 Communications regarding re-enrolment by employer size

Column percentages

	Size of organisation (employees)		
	Medium (50-249)	Large (250+)	All employers with 50+ employees who have passed re-enrolment date
Information about re-enrolment	72	77	74
Automatic enrolment information – general information	41	32	37
Information about the specific scheme offered	15	14	15
Automatic enrolment information – scheme specific information	15	16	15
Information for employees already enrolled in the scheme	7	8	8
Automatic enrolment information – contribution levels	7	7	7
Automatic enrolment information – staging dates	4	8	6
Automatic enrolment information – eligibility criteria	6	7	6
Automatic enrolment information – phasing dates	2	6	4
Details about where to go for advice or guidance	4	3	4
Details about TPR	3	4	3
Something else	4	2	3
Weighted number of employers	*9*	*6*	*15*
Unweighted number of employers	*118*	*525*	*643*

Base: All private sector employers with 50 or more employees who have communicated about re-enrolment

6.3.3 Numbers re-enrolled, opting-out and ceasing active membership after re-enrolment

Of those who have automatically re-enrolled employees, the majority have only re-enrolled relatively small numbers, with 50 per cent reporting that they re-enrolled between one and 24 employees.

Table 6.5 Number of workers who were re-enrolled

			Column percentages
	Size of organisation (employees)		
Number of workers re-enrolled	**Medium (50-249)**	**Large (250+)**	**All employers with 50+ employees who have passed re-enrolment date**
Zero	**10**	**3**	**7**
1-24	**54**	**42**	**50**
25-49	**4**	**9**	**6**
50-99	**11**	**6**	**9**
100-999	**8**	**19**	**12**
1000+	**0**	**3**	**1**
Don’t know	**13**	**18**	**15**
Weighted base	***13***	***8***	***21***
Unweighted base	***168***	***645***	***813***

Base: All private sector employers who have passed their re-enrolment date

Following re-enrolment into a pension scheme, employees again have the option to opt out within the first month of re-enrolment, or may cease saving after that period. Levels of opt-out following re-enrolment are higher than those reported following original automatic enrolment, this is not surprising as it would be expected that those who were automatically re-enrolled would have previously opted out or ceased active membership.

Employers were asked how many of their workers who were automatically re-enrolled, opted out within one month. The overall opt-out level following re-enrolment among medium and large employers was 33 per cent. This varies by size of employer, with an opt-out rate of 50 per cent for medium employers and 31 per cent for large employers.[32]

The reported cessation rate, that is the proportion of employees re-enrolled who left the pension scheme after the one month opt-out period, follows a similar pattern. The overall level of cessation following re-enrolment among medium and large employers was 24 per cent, with medium employers having a higher cessation rate compared with large employers (51 per cent compared with 18 per cent).[33]

[32] Employment-weighted estimates

[33] Employment-weighted estimates

6.4 Preparations among employers yet to pass their re-enrolment date

The majority of employers had not passed their re-enrolment date at the point of interview for EPP 2017. This section outlines the plans and preparations made for re-enrolment by employers who had not yet passed their re-enrolment date.

Only a relatively small proportion of employers who had not passed their re-enrolment date (eight per cent) had begun preparations for re-enrolment. This figure is perhaps not surprising given that the smaller employers could still be years away from their re-enrolment date and as such may not have needed to start preparations. The proportion of employers who had begun preparations for re-enrolment varies by size of employer, with large employers being more likely to have begun preparations (26 per cent compared with ten per cent of micro employers, five per cent of small employers and 11 per cent of medium employers). However, a further 18 per cent do have plans for when they will start to prepare for re-enrolment.

7 Appendix A

7.1 Characteristics of employers with specific types of scheme

In Chapter 2 we reported the prevalence of different types of pension scheme by employer size and industry. Table 7.1 looks specifically at the characteristics of employers offering each type of pension scheme.

Employers which provide occupational pensions, group personal pension (GPP) schemes, and access to Master Trust schemes other than the National Employment Savings Trust (NEST), are larger, on average, than those which provide stakeholder pension (SHP) schemes, access to NEST or contributions to employees' personal pensions (PPs). It should be noted, however, that the mean sizes of employers providing occupational, GPP schemes or Master Trust schemes are each pulled upwards by small numbers of very large employers. If one uses the median as an alternative, the averages are much lower and also much closer together (six employees for Master Trust schemes, four employees for occupational schemes, GPP schemes, and NEST, and two for SHP schemes, and for contributions to PPs).

Table 7.1 also presents the industry profile of employers providing different types of scheme. Specifically, employers with occupational schemes were most likely to be located in transportation and storage (Section H of the *Standard Industrial Classification (SIC) 2007*), while employers with GPP and Master Trust schemes were most commonly found in professional, scientific and technical industries (Section M). Employers with SHP schemes were most likely to be located in the wholesale and retail sector (Section G). Employers offering NEST were most commonly found in wholesale and retail (Section G), construction (Section F), administrative and support service activities (Section N) and health and social work (Section Q); between 13 and 15 per cent of employers providing access to NEST were located in each of these sectors.

Table 7.1 Organisation size and industry sector by type of scheme provided

						Column percentages
	Scheme type					
	OCC	GPP	SHP	NEST	Master Trust	PPs
Size of organisation (employees):						
1-4 employees	55	52	73	55	33	83
5-49 employees	34	34	23	42	60	16
50-249 employees	7	11	3	2	6	1
250+ employees	4	3	1	0	1	0
Mean number of employees	127	80	21	16	55	11
Median number of employees	4	4	2	4	6	2
Industry sector: SIC (2007) Section						
A: Agriculture, forestry and fishing	0	1	5	1	1	3
B: Mining and quarrying	0	0	0	0	0	0
C: Manufacturing	3	5	2	7	6	4
D: Electricity, gas, steam and air conditioning supply	0	0	0	0	0	0
E: Water supply, sewerage and waste management	0	0	0	0	0	0
F: Construction	8	6	7	14	12	19
G: Wholesale and retail	6	15	25	15	17	15
H: Transportation and storage	31	2	1	3	2	0
I: Accommodation and food service	4	2	6	6	14	1
J: Information and communication	2	19	14	7	4	10
K: Financial and insurance activities	3	4	1	1	1	3
L: Real estate activities	3	3	1	4	4	4
M: Professional, scientific and technical activities	7	32	19	10	23	20
N: Administrative and support service activities	5	3	7	13	8	14
P: Education	1	1	1	1	1	2
Q: Human health and social work	15	3	7	13	5	2
R: Arts, entertainment and recreation	3	1	0	2	0	1
S: Other service activities	10	3	4	4	4	3
Weighted base	*76*	*127*	*224*	*816*	*85*	*294*
Unweighted base	*455*	*685*	*364*	*1,162*	*248*	*237*

Base: All private sector employers providing the type of scheme specified in column headings

8 Appendix B

8.1 Opt-out, cessation and opt-in: employer-weighted estimates

This section includes tables presenting both employer and employment-weighted estimates from Chapter 5. For analysis focusing on the impact of opt-out on employers, the employer based estimate is applicable (representing, for example, the opt-out rate in the average firm). For analysis considering the impact on employees, the employment-based estimate is more appropriate (providing, for example, an estimate of the percentage of employees who have opted out).

Table 8.1 Enrolment rates of non-eligible employees, by employer size (corresponding to Table 5.1)

					Cell percentages
	Size of organisation (employees)				
Average enrolment rate[a] (mean)	**Micro (1-4)**	**Small (5-49)**	**Medium (50-249)**	**Large (250+)**	**All**
Employer-weighted estimates	(5)	7	4	4	7
Weighted base	*115*	*274*	*22*	*5*	*416*
Unweighted base	*72*	*612*	*215*	*360*	*1,259*
Employment-weighted estimates	(3)	9	6	4	6
Weighted base	*30*	*345*	*183*	*595*	*1,153*
Unweighted base	*72*	*612*	*215*	*360*	*1,259*

Base: All private sector employers with at least one scheme used for automatic enrolment, and who had at least some non-eligible employees immediately prior to starting automatic enrolment.

Notes:

a. Employers who did not know if any non-eligible employees had opted in, or did not know how many had opted in, are excluded, as are those for whom the number opting in was greater than the number of non-eligible employees immediately prior to starting automatic enrolment.

Table 8.2 Opt-out rate by employer size (corresponding to Table 5.3)

					Column percentages
		Size of organisation (employees)			
Average opt-out rate (mean)	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All
Employer-weighted estimates	7	14	9	10	11
Weighted base	*283*	*356*	*27*	*6*	*671*
Unweighted base	*121*	*759*	*257*	*455*	*1,592*
Employment-weighted estimates	10	12	9	8	9
Weighted base	*61*	*436*	*269*	*707*	*1,473*
Unweighted base	*121*	*759*	*257*	*455*	*1,592*

Base: All private sector employers who have started automatic enrolment

Table 8.3 Opt-out rate by scheme type (corresponding to Table 5.4)

						Column percentages
			Scheme type			
	Stakeholder	NEST	Master Trust (other than NEST)	Occupational	GPP	All who have automatically enrolled employees
Employer-weighted estimates	7	11	15	12	8	11
Weighted base	*65*	*492*	*47*	*31*	*40*	*671*
Unweighted base	*137*	*784*	*157*	*177*	*397*	*1,592*
Employment-weighted estimates	8	10	9	13	8	9
Weighted base	*124*	*599*	*223*	*190*	*416*	*1,473*
Unweighted base	*137*	*784*	*157*	*177*	*397*	*1,592*

Base: All private sector employers who have started automatic enrolment

Table 8.4 Opt-out rate by sector (corresponding to Table 5.5)[34]

Column percentages

	Sector							
	Manufacturing	Construction	Wholesale and retail	Accommodation and food service	Professional, scientific and technical activities	Administrative and support service activities	Human health and social work	All employers who have started automatic enrolment
Employer-weighted estimates	5	9	18	17	10	6	13	11
Weighted base	*45*	*68*	*104*	*40*	*84*	*80*	*87*	*671*
Unweighted base	*194*	*107*	*255*	*107*	*187*	*141*	*198*	*1,592*
Employment-weighted estimates	9	10	10	7	8	7	12	9
Weighted base	*157*	*80*	*271*	*145*	*128*	*142*	*132*	*1,473*
Unweighted base	*194*	*107*	*255*	*107*	*187*	*141*	*198*	*1,592*

Base: All private sector employers who have started automatic enrolment

[34] Only sectors with a base of 100 or more are shown in this table.

Table 8.5 Cessation rate by employer size (corresponding to Table 5.6)

					Column percentages
	Size of organisation (employees)				
	Micro (1-4)	Small (5-49)	Medium (50-249)	Large (250+)	All private sector employers who have automatically enrolled employees
Employer-weighted estimates	5	8	16	17	7
Weighted base	***282***	***351***	***27***	***5***	***665***
Unweighted base	***498***	***1,169***	***402***	***709***	***1,534***
Employment-weighted estimates	6	7	14	23	16
Weighted base	***61***	***429***	***261***	***641***	***1,391***
Unweighted base	***498***	***1,169***	***402***	***709***	***1,534***

Base: All private sector employers who have started automatic enrolment

Table 8.6 Cessation rate by scheme type (corresponding to Table 5.7)

						Column percentages
	Scheme type					
	Stakeholder	NEST	Master Trust (other than NEST)	Occupational	GPP	All private sector employers who have automatically enrolled employees
Employer-weighted estimates	4	7	12	9	8	7
Weighted base	***64***	***487***	***48***	***30***	***39***	***665***
Unweighted base	***133***	***763***	***149***	***167***	***377***	***1,534***
Employment-weighted estimates	14	11	27	17	18	16
Weighted base	***117***	***592***	***191***	***184***	***392***	***1,391***
Unweighted base	***133***	***763***	***149***	***167***	***377***	***1,534***

Base: All private sector employers who have started automatic enrolment

Table 8.7 Cessation rate by sector (corresponding to Table 5.8)[35]

								Column percentages
	Sector							
	Manufacturing	Construction	Wholesale and retail trade	Accommodation and food services	Professional scientific & technical activities	Administrative	Human Health and Social work	All employers who have started automatic enrolment
Employer-weighted estimates	6	6	10	6	7	6	7	7
Weighted base	*46*	*67*	*103*	*38*	*83*	*81*	*86*	*665*
Unweighted base	*193*	*107*	*248*	*100*	*180*	*135*	*190*	*1,534*
Employment-weighted estimates	13	8	26	21	13	8	16	16
Weighted base	*154*	*69*	*250*	*136*	*126*	*138*	*125*	*1,391*
Unweighted base	*193*	*107*	*248*	*100*	*180*	*135*	*190*	*1,534*

Base: All employers who have started automatic enrolment

[35] Only sectors with a base of 100 or more are shown in this table.