

## Data

## PENSION PARTICIPATION GAP

data graphic of the day

Around four in five employees were part of their workplace pension in 2021, but for some groups, the figure is much lower

By ZOE HU

EXPERTS are urging more people to enrol in their workplace pension scheme, as figures reveal young workers and those on lower income are still missing out.

Figures from the Office for National Statistics show that three-quarters (75%) of employees in the private sector were part of their workplace pension scheme in April 2021, rising to 91% of those in the public sector.

The gap has narrowed considerably in the past decade - in 2012, only 32% of workers in the private sector were enrolled in work pension schemes, compared to 83% in the public sector.

The increased rates of pension participation in the private sector have been driven by the government's auto-enrolment policy, phased in between October 2012 and February 2018, which required employers to register eligible employees into a workplace pension.

However, despite the general trend, many private sector workers on lower incomes are still not benefitting from workplace pension schemes.

To qualify for auto-enrolment, workers have to be between 22 and state pension age, and earning at least £10,000 per year (about £192 a week) - although younger workers and those earning below the threshold can choose to opt in.

Fewer than half (43%) of employees earning £100 to £199 per week in the private sector were enrolled in a pension in 2021.

The pension participation rate increases as wages go up - 58% of those on a salary of £200 to £299 per week were enrolled, rising to 75% of employees earning £300 to £399 per week.

Meanwhile, pension enrolment also varies between different

industries.

Electricity, gas, steam and air conditioning, public administration and defence, financial and insurance activities and mining and quarrying were among those with the highest levels of employee pension participation in 2021, at more than 90%.

However, in the accommodation and food industry, only 51% workers were participating in their workplace pension schemes.

This is related to the fact that the industry has one of the highest proportions of young employees as well as lower average earnings, meaning workers are less likely to

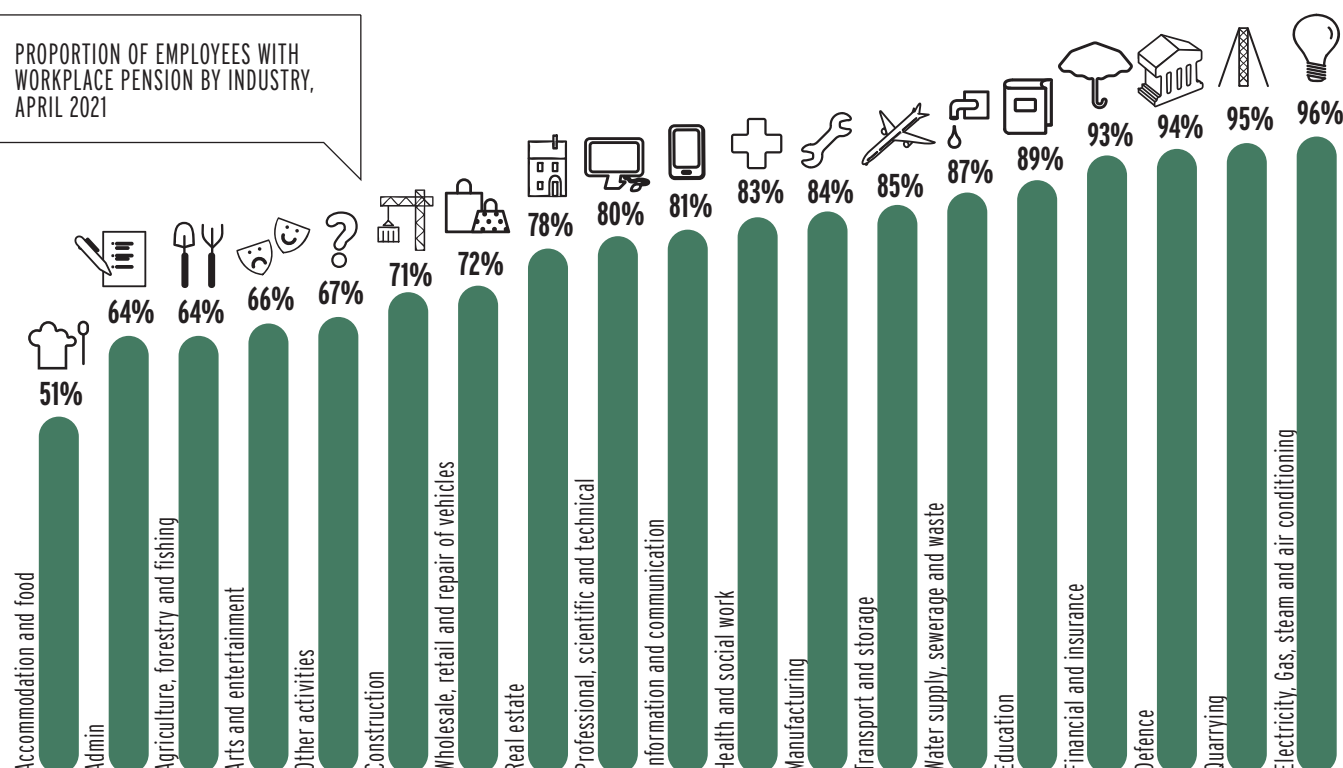
meet the age and earning criteria of auto-enrolment.

Helen Morrissey, senior pensions and retirement analyst at Hargreaves Lansdown, said: "Workplace pensions are an important way to save for your retirement as you benefit from an employer contribution as well as your own and this can make a significant benefit to how much you end up with in retirement."

She says auto-enrolment has seen an increasing number of people take part in work pension schemes but further reform is needed for more people to benefit.

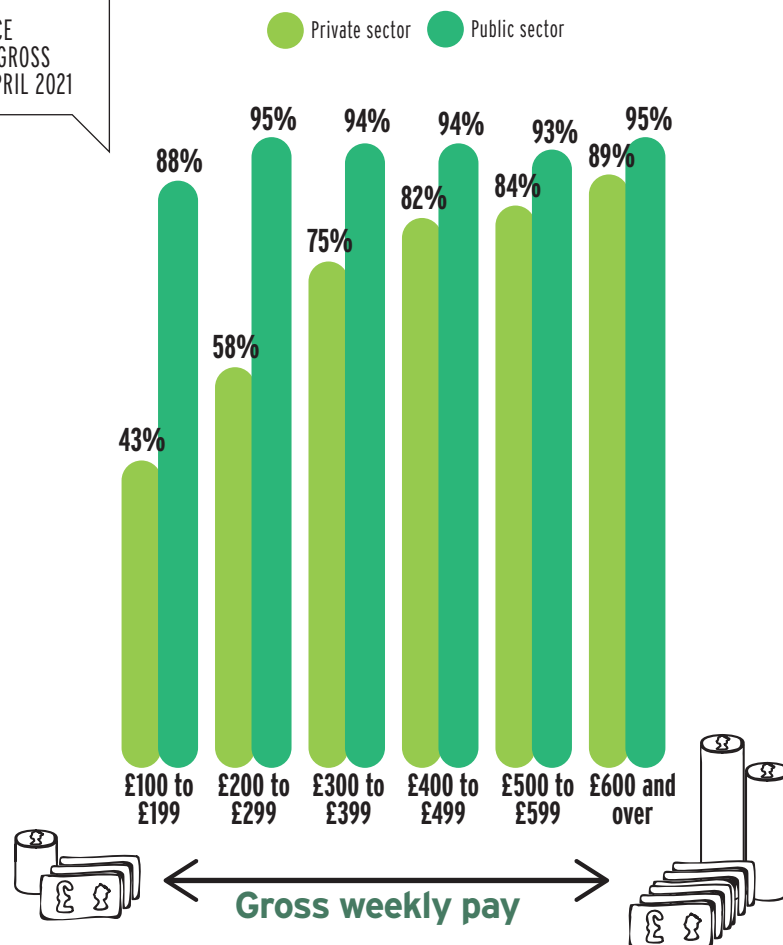
She added: "Right now the youngest workers as well as those on lower wages - such as part time workers - are missing out on the opportunity to build a sustainable retirement and this is something that needs to change."

PROPORTION OF EMPLOYEES WITH WORKPLACE PENSION BY INDUSTRY, APRIL 2021



Visual by MARIANNA LONGO

PROPORTION OF FULL-TIME EMPLOYEES WITH WORKPLACE PENSIONS, BY SECTOR AND GROSS WEEKLY EARNINGS BAND, APRIL 2021



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