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Personal Pensions Statistics



A National Statistics Publication

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Introduction

About these statistics

This publication contains information on personal pensions based on data that pension schemes are required to report to HM Revenue and Customs. It is divided into four sections:

- Section 1 provides an introduction to the different types of pensions and their tax treatment;
- Section 2 provides commentary and analysis of the key trends in personal pension contributions and tax relief;
- Section 3 contains detailed statistical tables; and
- Section 4 contains details of the data used in this publication and the estimation methodologies.

New or updated statistics in this release

This is the first release of HM Revenue and Customs' pension statistics in their new format. The main changes are:

- The release now includes a commentary on each of the statistical tables (see Section 2);
- The table numbers have been revised (Section 3); and
- The methodology for estimating the value of tax relief on pensions has been revised (see Section 4).

This release also includes new estimates for personal pension contributions and tax relief in 2010-11 (see tables PEN1, PEN2, and PEN6).

User engagement

HMRC are committed to providing impartial quality statistics that meet our customers' needs. Feedback from users is welcome at any time, and you can contact the responsible statistician (see page 1) or use the feedback form on the HMRC website [here](#).

Section 1 – An introduction to pensions and their tax treatment

Introduction

In general, a pension is an arrangement to provide an individual with a regular income when they retire. There are three main types of pension;

- State Pensions;
- Occupational Pensions; and
- Personal Pensions.

Occupational Pensions and Personal Pensions are both private pensions.

State Pensions

The State Pension is a regular payment paid by the state that people can receive when they reach State Pension age and is made up of two parts:

- The basic State Pension; and
- The additional State Pension.

The amount of State Pension depends on how many qualifying years of National Insurance contributions individuals have built up.

Occupational pensions

Occupational pension schemes are arrangements established by employers to provide pension and related benefits for their employees. In the public sector, occupational pensions are those which are provided by the employer (central or local government). In the private sector, occupational pensions are employer-sponsored schemes with scheme trustees that are set up under trust law by one or more employers for the benefit of their employees. Occupational pensions can either be defined contribution (DC, where either the employee, employer or both contribute, and then use the accumulated funds to provide an income at retirement), or defined benefit (DB, where an employer agrees to pay the individual a certain pension income at retirement, usually based on the number of years they have worked for the employer and their wage).

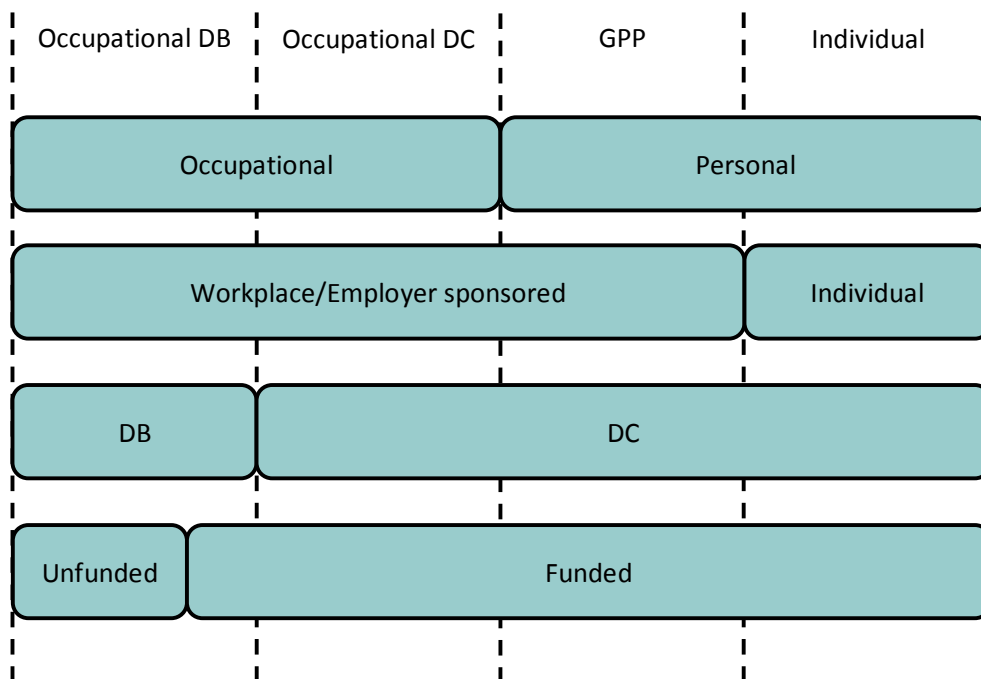
Personal pensions

Personal pensions are defined contribution arrangements between an individual and a pension provider, usually a financial organisation such as building society, bank, or insurance company. The term personal pension is used to refer to arrangements established since the rules were liberalised in the 1980s, and can be subdivided into two main types. Personal pensions can either be arranged directly by the individual and provider, or in many cases established by an employer as a way of providing all of its employees with access to a pension plan run by a single provider. These are often referred to as Group personal pensions (GPP) or employer sponsored pensions. Although they are sometimes referred to as company pensions, they are not run by employers and should not be confused with occupational pensions. The employer will also normally contribute to the GPP.

Stakeholder pensions are personal pension schemes set up on terms which meet standards set by the government. For example, there are restrictions on the charges the provider may make.

Figure 1 below attempts to summarise the different types of private pension.

Figure 1 - Types of private pension provision



Source: Adapted from 'Pensions: Challenges and Choices, the First Report of the Pensions Commission', Pensions Commission, October 2004

The taxation of pensions

The tax treatment of pensions can be described in relation to the way in which:

- (i) the contributions are taxed;
- (ii) the investment returns are taxed; and
- (iii) the pension benefits are taxed.

A regime described as exempt, exempt, taxed (EET) would mean that the income from which the contributions are paid is exempt from tax; as are the investment gains; but that the withdrawals are taxed. Alternatively, TTE would mean that the income from which the contributions are paid is taxed; as are the investment returns; but that the withdrawals are exempt from taxation. The tax treatment depends on whether the pension scheme is registered with HMRC or not.

The taxation of registered pension schemes

Tax on contributions

Income tax relief is available on individual and employer contributions to registered pension schemes up to an annual allowance (see below). Furthermore, employer contributions are not subject to either employer or employee NICs. Relief is available on individual contributions worth up to 100 per cent of individuals' earned income or £3,600, whichever is greater.

Contributions in excess of the annual allowance (AA)

Although individuals get upfront relief on all their pension contributions, they are subject to tax charge on any pension savings in excess of an annual allowance plus any unused allowance from the previous three years. The current (2011-12) annual allowance is £50,000.

Contracting out

Employees with annual earnings above a certain amount that have a private pension can choose to leave the additional State Pension. This is called 'contracting out'. The self-employed are not eligible for the State Second Pension and consequently the issue of contracting out is irrelevant.

For individuals in an employer's occupational pension scheme, contracting out means both the individual and their employer will pay lower, reduced rate National Insurance contributions.

Individuals that contract out and have a stakeholder pension or a personal pension continue to pay the full rate of National Insurance, however HMRC pay National Insurance rebates (sometimes known as the minimum contribution) directly to the private pension scheme. Individuals can also join a stakeholder pension scheme or a personal pension scheme without contracting out of the additional State Pension.

The rules for contracting out of the additional State Pension will change in 2012. The changes mean that contracting out will only be possible for individuals with a defined benefit scheme.

Tax on investment returns

All investment returns in registered pension schemes are exempt from taxation.

Tax on withdrawals

The way in which the withdrawals of pension savings from registered schemes are taxed depends on an individual's circumstances. In particular, the size of their pension fund. In general:

- **Individuals with total pension savings of less than £18,000** are allowed to withdraw the entire amount out as a lump sum. If the right to the pension has not yet arisen (i.e. the pension isn't in payment or hasn't been voluntarily deferred by the pensioner), the first 25 per cent of these amounts are tax free. All other payments are taxed as pension income at the individual's marginal rate and free from NICs. These are known as the trivial commutation rules.

- **Individuals with funds above £18,000 but below the lifetime allowance (LTA)** can also withdraw tax-free up to 25 per cent of their pension savings after the age of 55. This part lump sum option is referred to as "commutation" and the majority of pensioners take advantage of it.
- If the individuals have secured a regular pension income of at least £20,000, they may apply to be able to take out any remaining drawdown pension fund as a lump sum taxed at the individual's marginal rate but exempt from NICs.
- For individuals with a regular pension income of less than £20,000, the remainder must be taken as a scheme pension, an annuity or through income withdrawals from a drawdown pension fund (the fund does not have to be converted into an annuity but no more than 100 per cent of a comparable annuity can be withdrawn each year, based on tables produced by the Government Actuary's Department (GAD)).
- Individuals with pension funds that include one or more funds in occupational scheme of value less than £2,000 are allowed to take the entire amounts in these schemes out as a lump sum no matter how large their total pension savings. . Lump sum payments made under this rule are taxed as if they were subject to the trivial commutation rules – see above.
- **Individuals with funds above the LTA** are subject to different tax rates, depending on how the funds are withdrawn: Any funds above the LTA that are taken out as a lump sum are taxed at 55 per cent; and any funds that are used to provide a pension are taxed at 25 per cent (the pension income is then taxed at the individual's marginal tax rate).

Changes to the LTA

From 6 April 2012, the lifetime allowance will be reduced to £1.5 million from the current level of £1.8 million.

Section 2 – Commentary and analysis

This section provides commentary and analysis on the key features of the statistics contained in the release.

Personal Pensions Contributions ([Table PEN1](#))

Chart 1 - Personal Pension Contributions

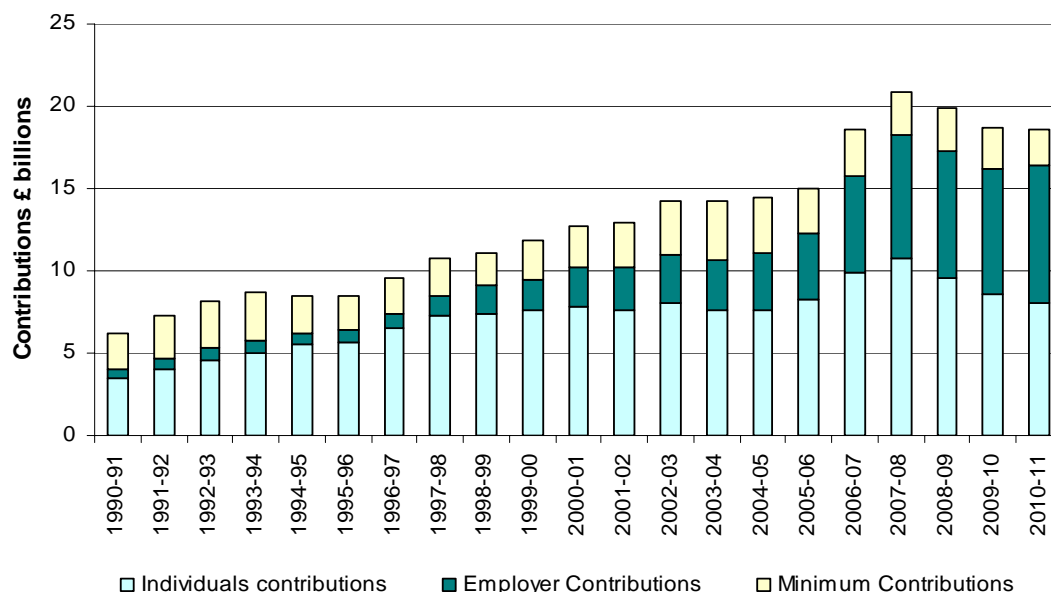


Chart 1 shows that around £18.6 billion was contributed to personal pensions in 2010-11, fractionally down from £18.7 billion in 2009-10 which was just over one billion down from £19.8 billion in 2008-09.

For 2010-11 around 41 per cent of contributions were from individuals, with 45 per cent from employers, the remaining contributions represent the rebate paid by HMRC to individuals' funds that have contracted out of the state second pension (minimum contributions). The proportion of contributions from employers has been steadily increasing since 1991 when it was only 9 per cent. Contributions overall were increasing until 2008 when a fall was observed in line with the timing of the recession.

Members and contribution values of Personal Pension schemes ([Table PEN2](#))

Chart 2 - Number of members of Personal pensions and annual contributions (2010-11)

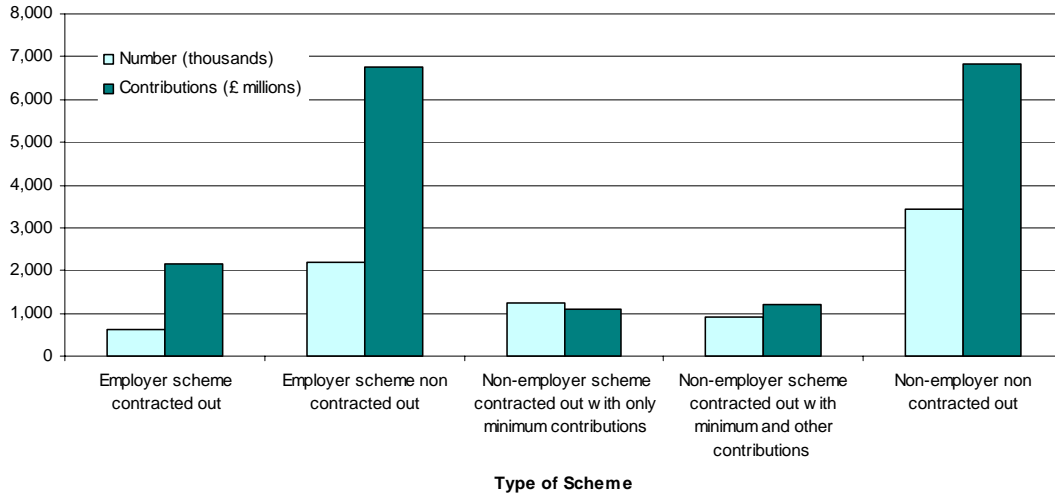
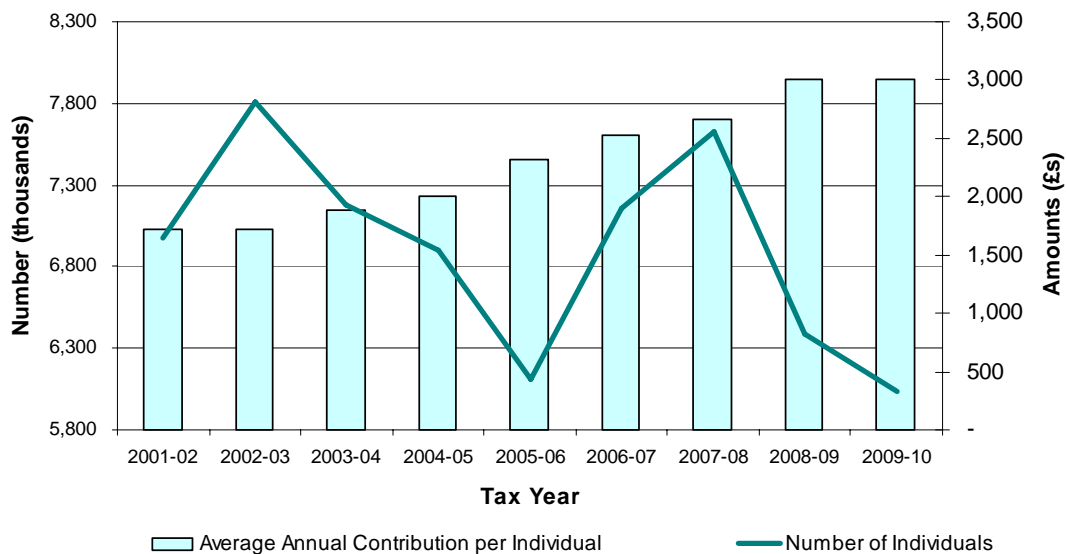


Chart 2 shows that the non-employer non-contracted out pension is the most popular personal pension in 2010-11 with 3.4 million members contributing £6.82 billion. Employer non contracted out schemes also have a large level of contributions at £6.75 billion but fewer members at only 2.2 million, suggesting higher levels of contribution per member. Contracted out schemes have lower contributions and fewer members.

Number contributing and average contributions to Personal Pensions ([Table PEN3](#))

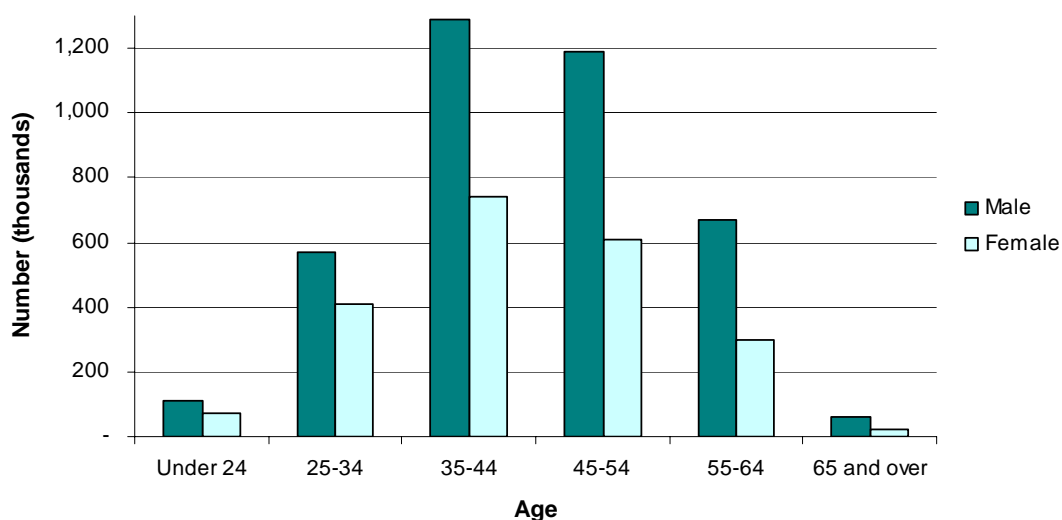
Chart 3 - Number of individuals contributing and average contributions



Average annual contributions per individual grew from £1,720 per person per annum in 2001 up to a peak of £3,000 in 2008-09, and remained at this level in 2009/10. The number of individuals contributing has varied considerably over time.

Personal Pension contributors by age and gender (Table [PEN4](#))

Chart 4 - Age and gender of individuals contributing to personal pensions (2009-10)



More males have consistently contributed to pensions than females with the gender split at around 35 per cent females and 65 per cent males between 2001 and 2010. Chart 4 shows that the distribution of individuals contributing across ages is broadly similar for both men and women, being highest during peak working years from 35 to 55 and lower below 35 and above 55.

Chart 5 - Age of contributors to personal pensions

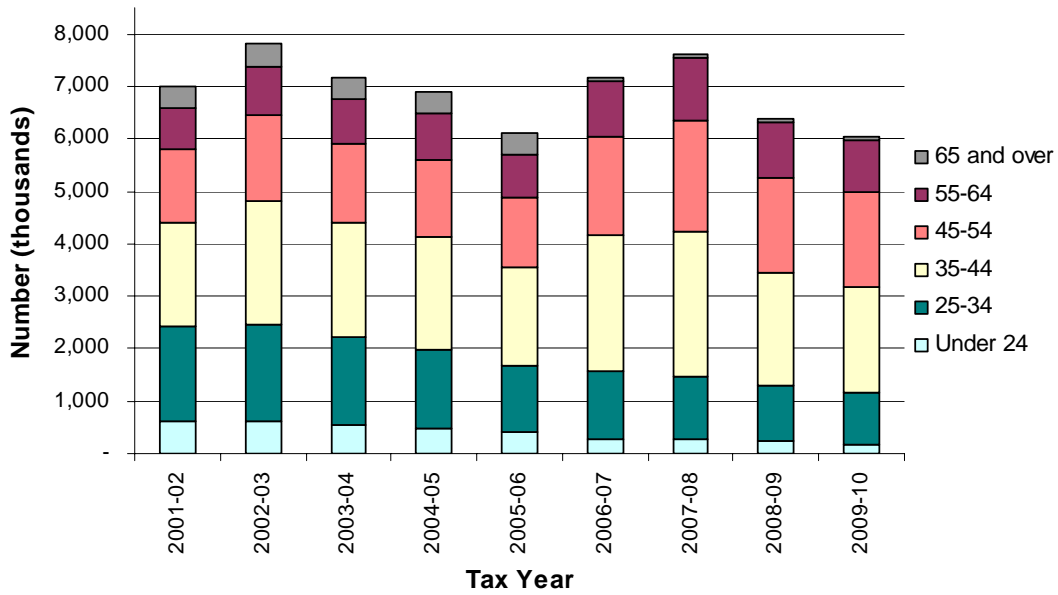


Chart 5 highlights the increasing concentration of contributors around the 35-54 age group from 2001 to 2010. A clear decline in contributions from under 35s is also observed over time, Chart 5 shows a reduction in contributors aged over 65 and under 24.

Geographical location of contributors to Personal Pensions ([Table PEN5](#))

Chart 6 - Proportion of the population contributing by Region in England (2009-10)

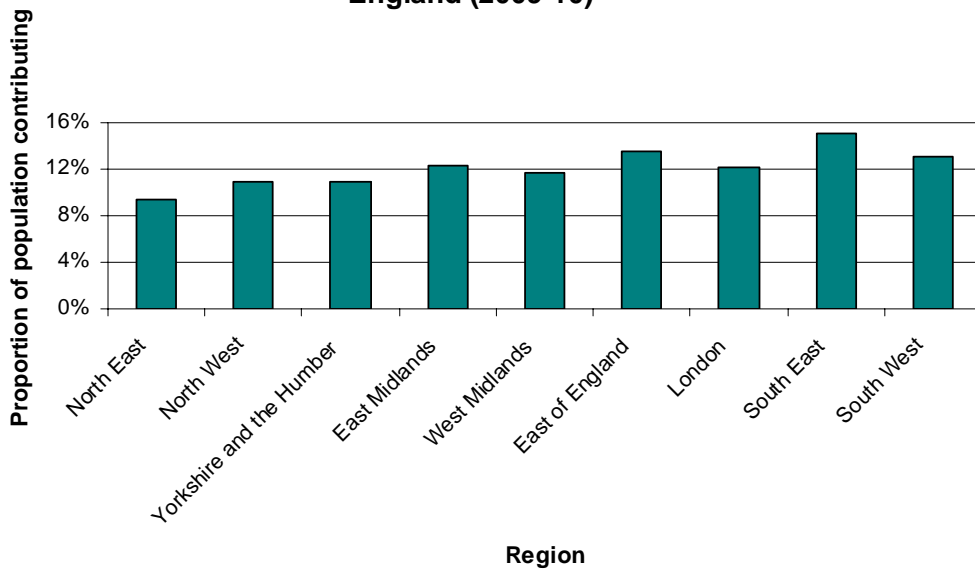
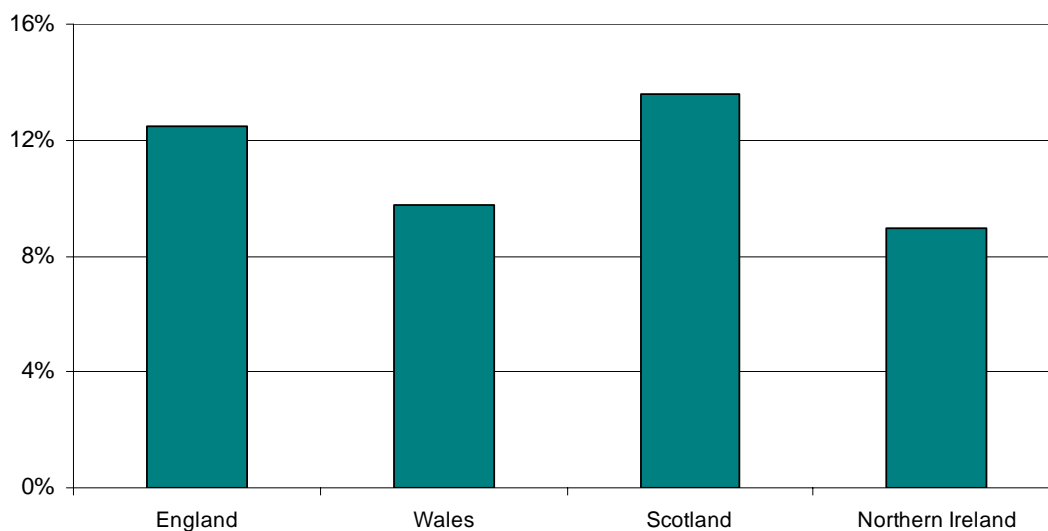


Chart 6 highlights that the highest proportion of the population contributing to personal pensions are in the South and East of England, peaking at 14% in South

East England, while the North East shows the lowest participation, at 9% of all individuals.

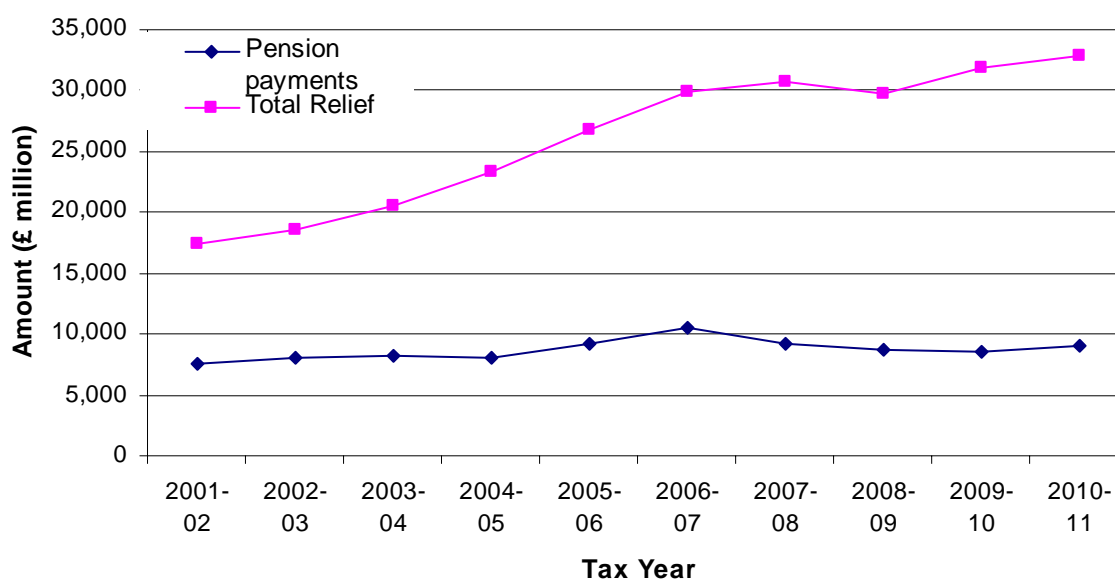
Chart 7 - Proportion of the population contributing by Country (2009-10)



Contributions are highest as a proportion of the population in Scotland where 14% of the population contribute while participation is lowest at only 9% in Northern Ireland (see Chart 7).

Cost of tax relief of registered pension schemes ([Table PEN6](#))

Chart 8 - Total reliefs on Pensions compared to tax liable

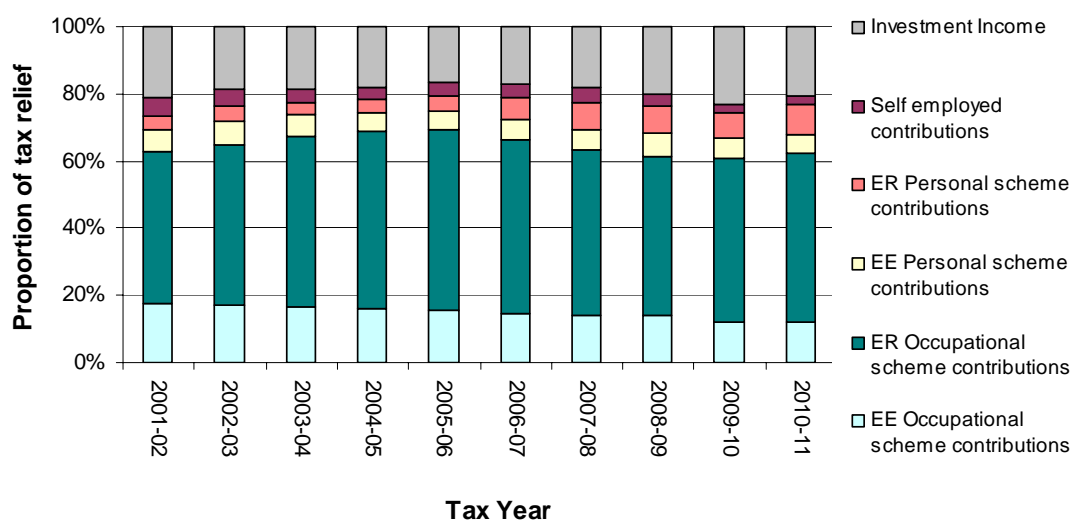


Total tax relief on pensions fell in 2008-09 following an 8 year period of growth. This was mainly caused by a drop in contributions to occupational pension schemes by both employees and employers and also a drop in contributions by the self employed, perhaps in line with the effects of the recession.

The subsequent increase in 2009-10 and 2010-11 was driven by an increase in contributions from employers to occupational schemes and the introduction of the 50p tax rate in 2010-11 for those earning over £150,000.

Relief given on pension contributions was over 3 times the tax liable on the pensions being paid out by pension funds in 2010-11. The gap between relief and tax liable on pensions is impacted not only by changes in the levels of contributions and the value of annuities and pension payments, but also by the tax rates applied. The tax rate paid on retirement income may be different from the tax rate at which relief is provided which tends to be the tax rate which individuals are subject to during their working lives, the tax free lump sum also reduces tax liable on pension payments.

Chart 9 - Tax Relief by Source



The source of tax relief is illustrated in Chart 9. Relief from contributions to occupational schemes by employers increased to a peak of £15.5 billion in 2006-07 after which point it reduced to £14.1 billion in 2008-09 before increasing to £15.6 billion in 2009-10 and £16.5 billion in 2010-11. For both Personal and occupational schemes employer contributions account for a larger proportion of relief than employee contributions.

Section 3 – Tables

Table list

This section contains the following tables (and links to the excel versions):

- [Table PEN1](#) – Formally published as Table 7.16, this table shows contribution to all personal persons by type of contribution for years 1990-91 to 2009-10; updated September 2011 to 2009-10.
- [Table PEN2](#) – Formally published as Tables 7.4 & 7.5, this table shows the combined number of members and value of contributions to stakeholder and non-stakeholder personal pensions; updated February 2012 to 2010-11.
- [Table PEN2.1](#)- Formally published as Table 7.4 and is the non-stakeholder element of Table PEN2; updated February 2012 to 2010-11.
- [Table PEN2.2](#)- Formally published as Table 7.5 and is the stakeholder element of Table PEN2; updated February 2012 to 2010-11.
- [Table PEN3](#) – Formally published as Table 7.10, this table shows the number of individuals contributing to personal pensions and average contribution by status for each of the years 2001-02 to 2009-10: updated September 2011 to 2009-10.
- [Table PEN4](#) – Formally published as Table 7.11, this table shows the number of individuals contributing to personal pensions by age and gender for each of the years 2001-02 to 2009-10: updated September 2011 to 2009-10.
- [Table PEN5](#) – Formally published as Table 7.12, this table shows the number of individuals contributing to personal pensions by country and region for each of the years 2001-02 to 2009-10: updated September 2011 to 2009-10.
- [Table PEN6](#) – Formally published as Table 7.9, this table shows the cost of tax relief for registered personal pensions for each of the years 2001-02 to 2010-11: updated February 2012.

<http://www.hmrc.gov.uk/stats/pensions/PEN6.xls>

Pen 1 Personal Pensions, Retirement Annuity Contracts and Free Standing Additional Voluntary Contributions

By type of contribution



Amounts: £ million

Personal pension contributions¹

Year	Individuals Contributions ^{2,3}	of which Self-employed ^{3,4}	Employer Contributions	Minimum Contributions ⁵	RACs ⁶	FSAVCs ⁷	Total
1990/91	1,450		510	2,210	1,860	160	6,190
1991/92	2,010		690	2,580	1,720	280	7,280
1992/93	2,590		740	2,810	1,560	420	8,120
1993/94	3,040		690	3,000	1,400	600	8,730
1994/95	3,550		630	2,250	1,340	670	8,440
1995/96	3,750		660	2,120	1,250	700	8,480
1996/97	4,540		860	2,170	1,230	740	9,540
1997/98	5,210		1,260	2,220	1,230	790	10,710
1998/99	5,460		1,690	1,970	1,120	850	11,090
1999/2000	5,730		1,880	2,450	1,090	750	11,900
2000/01	6,120		2,420	2,420	980	730	12,670
2001/02	6,070	2,510	2,640	2,690	940	600	12,940
2002/03	6,660	2,460	3,000	3,210	800	540	14,210
2003/04	6,460	2,350	3,110	3,590	690	440	14,290
2004/05	6,560	2,240	3,510	3,390	630	410	14,500
2005/06	7,070	2,190	4,070	2,660	780	390	14,970
2006/07	9,290	3,070	5,890	2,900	550	-	18,630
2007/08	10,180	3,530	7,420	2,670	610	-	20,880
2008/09	8,970	2,610	7,710	2,580	580	-	19,830
2009/10 ⁸	8,030	2,000	7,600	2,550	550	-	18,730
2010/11 ⁸	7,560	1,880	8,290	2,180	530	-	18,550

February 2012

If you want to register an interest in this data and/or provide us with feedback go to the attached link:

[please click here](#)

Footnotes

- Including stakeholder personal pensions.
- Includes contributions by non-earners, and from 2006-07 includes FSAVC contributions no longer distinctly identified in the data.
- As announced in July 2011 these estimates have been revised to include years 2001-02 to 2006-07 and 2009-10 estimates are now outturn based.
- Minimum contributions represent the rebate paid by HMRC to individuals' funds who have used their personal pension to contract out of the state second pension (state earnings related pension scheme prior to April 2002).
- No new RACs could be taken out from 1 July 1988, although those with contracts at this date could still continue to contribute to them.
- From 2006/07 FSAVCs are combined with Employee Contributions.
- RACs estimates are projectioned figures

Note on the Table

- i. All figures are derived from returns made by scheme administrators to HMRC, apart from RACs which are derived from HMRC's Survey of Personal Incomes and Self-Employment Contributions which are derived from a matching of both these sources.

PEN 2**Personal pensions (including Stakeholder pensions)
for individuals: annual contributions.**

Numbers of members and value of contributions by type of scheme as reported to HMRC by providers for the year.



Numbers: Thousands Contributions: £ millions

6 April 2010 - 5 April 2011

	Number of members	Contributions			Total
		Minimum contributions	Individuals contributions ²	Employer contributions	
Employer sponsored schemes					
Contracted out members ¹	630	490	450	1,230	2,160
Non contracted out members	2,210	-	1,820	4,940	6,750
Non-employer sponsored schemes					
Contracted out members ¹					
with only minimum contributions	1,250	1,100	-	-	1,100
with minimum and other contributions	930	600	460	130	1,190
Non-contracted out members	3,430	-	4,840	1,980	6,820
Total	8,480	2,180	7,560	8,280	18,030

February 2012

If you want to register an interest in this data and/or provide us with feedback go to the attached link:

[please click here](#)

Footnotes

1. Figures include basic rate tax relief repaid to scheme administrators by HM Revenue & Customs.
2. Number of members for contracted-out plans may include members with zero earnings who will not receive minimum contributions.
3. Components may not sum to their total due to rounding.
4. "-" denotes nil or negligible or not applicable.

Notes on the Table

- i. The table above shows the contributions made to Personal Pensions, by type of scheme. They are derived from annual statistical returns submitted to HMRC by pension providers. Due to late returns by providers the tables may underestimate both the numbers and contributions made during the year.
- ii. The number of members relates to members of each reporting provider and should not be taken as numbers of individuals, since individuals can have more than one pension provider.
- iii. Employer sponsored schemes include contracts for schemes nominated by employers or set up under a trust by an employer.
- iv. Non-Employer sponsored schemes are contracts set-up by a financial institution and offered for sale to the public, and include schemes arranged via Trade Unions or other bodies.

PEN 2.1

Personal pensions for individuals: annual contributions.

Numbers of members and value of contributions by type of scheme as reported to HMRC by providers for the year.



Numbers: Thousands Contributions: £ millions

6 April 2010 - 5 April 2011

	Number of members	Contributions			Total
		Minimum contributions	Individuals contributions ²	Employer contributions	
Employer sponsored schemes					
Contracted out members ¹	480	450	330	910	1,690
Non contracted out members	1,520	-	1,360	3,720	5,080
Non-employer sponsored schemes					
Contracted out members ¹					
with only minimum contributions	1,220	1,060	-	-	1,060
with minimum and other contributions	910	580	440	120	1,140
Non-contracted out members	2,740	-	3,710	1,600	5,310
Total	6,890	2,090	5,840	6,350	14,280

February 2012

If you want to register an interest in this data and/or provide us with feedback go to the attached link:

[please click here](#)

Footnotes

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2. Number of members for contracted-out plans may include members with zero earnings who will not receive minimum contributions.
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- iv. Non-Employer sponsored schemes are contracts set-up by a financial institution and offered for sale to the public, and include schemes arranged via Trade Unions or other bodies.

PEN 2.2

Stakholder pensions for individuals: annual contributions.

Numbers of members and value of contributions by type of scheme as reported to HMRC by providers for the year.



Numbers: Thousands

Contributions: £ millions

6 April 2010 - 5 April 2011

	Number of members	Contributions			Total
		Minimum contributions	Individuals contributions ²	Employer contributions	
Employer sponsored schemes					
Contracted out members ¹	150	40	120	320	470
Non contracted out members	690	-	460	1,220	1,670
Non-employer sponsored schemes					
Contracted out members ¹					
with only minimum contributions	30	40	-	-	40
with minimum and other contributions	20	20	20	10	50
Non-contracted out members	690	-	1,130	380	1,510
Total	1,590	90	1,720	1,930	3,750

February 2012

If you want to register an interest in this data and/or provide us with feedback go to the attached link:

[please click here](#)**Footnotes**

1. Figures include basic rate tax relief repaid to scheme administrators by HM Revenue & Customs.
2. Number of members for contracted-out plans may include members with zero earnings who will not receive minimum contributions.
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4. "-" denotes nil or negligible or not applicable.

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- iii. Employer sponsored schemes include contracts for schemes nominated by employers or set up under a trust by an employer.
- iv. Non-Employer sponsored schemes are contracts set-up by a financial institution and offered for sale to the public, and include schemes arranged via Trade Unions or other bodies.

PEN3 Personal pensions¹Estimated number of individuals contributing and average contribution by status² 2001-02 to 2009-10

Numbers: Thousands Amounts: £s

Status	2001-02		2002-03		2003-04	
	Number of Individuals	Average Annual Contribution per Individual ^{3,4}	Number of Individuals	Average Annual Contribution per Individual ^{3,4}	Number of Individuals	Average Annual Contribution per Individual ^{3,4}
Employees	5,790	1,610	6,520	1,650	6,010	1,840
Self-Employed	1,120	2,230	1,210	2,030	1,090	2,170
Unemployed	20	1,840	30	1,720	30	1,920
In receipt of a Pension	30	3,550	20	3,810	20	3,820
Child	10	1,910	10	1,800	10	1,800
Full-time Education	10	2,140	10	1,950	10	1,870
Carer	10	1,900	10	1,880	10	1,880
Total⁵	6,980	1,720	7,810	1,720	7,180	1,890

Status	2004-05		2005-06		2006-07	
	Number of Individuals	Average Annual Contribution per Individual ^{3,4}	Number of Individuals	Average Annual Contribution per Individual ^{3,4}	Number of Individuals	Average Annual Contribution per Individual ^{3,4}
Employees	5,850	1,960	5,200	2,270	6,110	2,420
Self-Employed	970	2,310	840	2,600	950	3,230
Unemployed	30	2,000	30	2,270	50	2,250
In receipt of a Pension	20	3,770	10	4,110	20	4,220
Child	10	1,930	10	2,090	10	2,350
Full-time Education	10	1,850	10	2,100	10	1,970
Carer	10	1,940	10	2,400	20	1,930
Total⁵	6,900	2,010	6,110	2,320	7,160	2,530

Status	2007-08		2008-09		2009-10	
	Number of Individuals	Average Annual Contribution per Individual ^{3,4}	Number of Individuals	Average Annual Contribution per Individual ^{3,4}	Number of Individuals	Average Annual Contribution per Individual ^{3,4}
Employees	6,530	2,520	5,510	2,980	5,310	3,010
Self-Employed	990	3,570	800	3,270	660	3,030
Unemployed	60	2,240	30	3,070	20	2,480
In receipt of a Pension	20	4,230	10	4,410	10	3,790
Child	10	2,480	10	2,330	10	2,310
Full-time Education	10	2,120	10	2,060	10	1,980
Carer	10	2,110	10	1,920	10	1,980
Total⁵	7,630	2,660	6,390	3,010	6,040	3,010

September 2011

If you want to register an interest in this data and/or provide us with feedback go to the attached link: [please click here](#)**Footnotes**

1. The tables refer to the number of individuals whose personal pension (including stakeholder pensions) has received a contribution during the year.
2. Employment status is based on what is reported to the provider by an individual when making their original application.
3. Average contributions include gross individual, employer and minimum contributions.
4. Contributions are based on what has actually been contributed in the year, so the overall average will not be the typical annual average for those who have started making regular contributions part of the way through the year.
5. Components may not sum to their total due to rounding.

Notes on the table

- i. The table shows the number of individuals contributing to a personal pension by employment status and earnings. It also shows the average annual contribution per individual. The data is derived from a sample of annual returns of information submitted to HM Revenue & Customs by pension providers.

PEN4**Personal pensions¹**

Estimated number of individuals contributing by gender
and age (2001-02 to 2009-10)



Numbers: Thousands

Gender and age	2001-02	2002-03	2003-04	2004-05	2005-06
Female					
15 and under ²	40	30	20	10	10
16-24	190	190	180	160	140
25-34	670	700	640	590	490
35-44	660	780	750	750	650
45-54	470	540	490	490	440
55-64	240	280	270	270	250
65 and over	130	150	140	140	140
Total³	2,410	2,660	2,490	2,410	2,130
Male					
15 and under ²	70	50	40	20	20
16-24	330	330	320	290	250
25-34	1,130	1,170	1,030	920	770
35-44	1,320	1,560	1,440	1,400	1,230
45-54	930	1,100	980	960	870
55-64	540	640	600	620	570
65 and over	270	300	280	290	290
Total³	4,580	5,150	4,690	4,490	3,990
Total³	6,980	7,810	7,180	6,900	6,110
Gender and age	2006-07	2007-08	2008-09	2009-10	
Female					
15 and under ²	10	10	10	-	
16-24	90	80	80	70	
25-34	510	460	430	410	
35-44	910	950	760	740	
45-54	650	700	610	610	
55-64	320	360	310	300	
65 and over	20	20	20	20	
Total³	2,500	2,580	2,210	2,150	
Male					
15 and under ²	10	10	10	-	
16-24	170	180	140	110	
25-34	770	740	620	570	
35-44	1,680	1,810	1,390	1,290	
45-54	1,250	1,410	1,220	1,190	
55-64	740	830	720	670	
65 and over	50	60	60	60	
Total³	4,660	5,050	4,170	3,890	
Total³	7,160	7,630	6,390	6,040	

September 2011

If you want to register an interest in this data and/or provide us with feedback go to the attached link:

[please click here](#)

Footnotes

1. Including stakeholder pensions.
2. A "-" denotes nil or negligible.
3. Components may not sum to their total due to rounding.

Notes on the Table

- The table shows individuals contributing to a Personal pension by gender and age. The data is derived from a sample of annual returns of information submitted to HM Revenue & Customs by pension providers.
- The data is collected primarily for compliance purposes and contains details of contributions made by, or on behalf of, individuals. Providers have only been required to report in the detail published since 2001-02. Prior to 6 April 2001, the self-employed claimed any relief due on their contributions through Self Assessment and providers did not have to report details of these individuals. Therefore analyses on a comparable basis are not available for years prior to 2001-02.
- As well as containing individual details, such as name and date of birth, the data also contains their National Insurance number. Using this it is possible to aggregate across those who have arrangements with one or more providers. Therefore, unlike tables 7.4 and 7.5 which are based on aggregate returns from providers and are therefore at arrangement level, we are able to present these results at an individual level.

PEN5**Personal pensions¹**

Estimated number of individuals contributing by country and region 2001-02 to 2009-10



Numbers: Thousands.

Country / Government Office Region	2001-02	2002-03	2003-04	2004-05	2005-06
England					
North East	250	290	260	250	220
North West	750	840	780	740	660
Yorkshire and the Humber	590	660	610	570	510
East Midlands	540	590	540	520	460
West Midlands	630	720	660	630	550
East of England	700	770	710	690	600
London	730	800	740	730	640
South East	1,030	1,160	1,060	1,000	900
South West	620	680	630	600	540
Total²	5,840	6,510	5,980	5,740	5,070
Wales	300	330	300	290	260
Scotland	590	670	640	610	550
Northern Ireland	140	160	150	140	130
Address aboard³	-	-	-	-	-
Unknown	100	150	110	120	110
United Kingdom²	6,980	7,810	7,180	6,900	6,110
Country / Government Office Region	2006-07	2007-08	2008-09	2009-10	
England					
North East	250	270	210	190	
North West	740	770	610	590	
Yorkshire and the Humber	590	640	470	450	
East Midlands	540	570	460	430	
West Midlands	650	690	530	490	
East of England	720	750	650	610	
London	740	800	740	730	
South East	1,100	1,190	1,040	990	
South West	660	680	580	540	
Total²	6,000	6,370	5,300	5,040	
Wales	290	300	240	230	
Scotland	610	650	610	560	
Northern Ireland	140	150	120	120	
Address aboard³	-	-	-	-	
Unknown	130	160	120	90	
United Kingdom²	7,160	7,630	6,390	6,040	

September 2011

[please click here](#)

If you want to register an interest in this data and/or provide us with feedback go to the attached link:

Footnotes

1. Including stakeholder pensions.
2. Components may not sum to their total due to rounding.
3. A "-" denotes nil or negligible.

PEN6 Registered pension schemes

Cost of tax relief¹



£ million

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 ^P	2010-11 ^P
Income										
Relief for										
Occupational Scheme Contributions										
By Employees	3,100	3,200	3,400	3,800	4,200	4,400	4,400	4,200	3,800	4,000
By Employers	7,900	8,900	10,400	12,300	14,400	15,500	15,100	14,100	15,600	16,500
Personal Pension Scheme Contributions										
By Employees	1,090	1,300	1,300	1,300	1,500	1,800	1,900	2,000	1,800	1,800
By Employers	700	800	800	1,000	1,200	1,900	2,500	2,500	2,500	2,900
Contribution to PPs and RACs by self employed	1,000	900	800	800	1,000	1,200	1,300	1,000	800	800
Investment income of funds ²	3,700	3,500	3,800	4,200	4,500	5,100	5,600	6,000	7,300	6,800
Total reliefs	17,600	18,600	20,400	23,400	26,900	30,000	30,700	29,700	31,800	32,900
Less tax liable on										
Pension payments ³	7,500	8,100	8,200	8,100	9,200	10,500	9,200	8,700	8,500	9,000
Refunds by funds to employers in connection with pension fund surpluses	110	56	39	23	6	1	1	1	1	1
Total deductions	7,600	8,200	8,200	8,200	9,200	10,500	9,200	8,700	8,500	9,000
Total (rounded to nearest £100 million)	10,000	10,500	12,200	15,300	17,600	19,500	21,600	21,000	23,300	23,900
Memorandum item										
National Insurance relief on employer contributions ⁴	5,400	6,200	7,300	8,400	9,800	10,400	11,700	11,500	12,900	13,000

PP = Personal Pension.
RAC = Retirement Annuity Contract.
p = provisional

If you want to register an interest in this data and/or provide us with feedback go to the attached link:

Updated: February 2012

[please click here](#)

Footnotes

1. The cost of tax relief is calculated as the tax that would be paid if comparing the pension's tax regime for registered pension schemes (generally EET) with the tax regime we have for most other forms of saving (TTE).
2. The cost of relief on investment income is for both Occupational and Personal Pensions schemes funds; it is not possible to provide reliable estimates distinctly. The estimate assumes relief at the basic rate of tax. Estimates of relief for capital gains realised by pension funds are not included because of estimation difficulties.
3. Assuming that pension payments represent the top slice of taxable income.
4. On the basis that under present arrangements, employer contributions are not subject to a National Insurance charge.

Notes on the Table

- i. The figures are based on HMRC administrative data and information compiled from a variety of sources by the Office for National Statistics (ONS).
- ii. The column totals may not equal the calculation from the individual components due to rounding.
- iii. Personal Pensions include Group Personal Pensions (arranged through an employer) and Stakeholder pensions; and Free Standing Additional Voluntary Contributions up to and including 2006-07. A small number of non-working individuals (e.g. children) make contributions to PP and the value of these contributions are included within in the employee contribution category.
- iv. Some of the series in this table are provisional due to revisions to the base data provided by ONS and HMRCs Personal Tax Model.

Section 4: Data and methodology

Data sources

The published Pension tables draw on information from the following returns that pension providers are required to make:

- [APSS106](#) Registered Pension Schemes Relief at Source – annual claim, this paper claim form provides the total amounts of personal pension relief repayment claimed each year by registered pension providers.
- [APSS105](#) Registered Pension Schemes Relief at Source – interim claim, this paper claim form provides the total amounts of personal pension relief repayment claimed in- year by each registered pension provider.
- [APSS107](#) Registered Pension Schemes Annual statistical return, this paper claim form provides numbers of members and total contributions by employer and non-employer sponsored schemes for each registered pension provider.
- [RPSCOM100\(Z\)](#) This provides HMRC with details of approximately 15 million personal pension accounts in electronic format providing details on individual and employer contributions made in the tax year. Personal details of each account holder are also provided covering around 6 million individuals.

Method of preparing tables

Table PEN1

Figures for this table use the information produced in Table PEN2 (see below). The RACs (Retirement Annuity Contracts) figures are derived from HMRC's Survey of Personal Incomes.

Table PEN2 (PEN2.1 & PEN2.2)

PEN2 is the sum of PEN2.1 and PEN2.2. Figures for these tables are simple totals from the relevant paper forms (APSS107 and APSS106). One reason for moving the publication date of these tables from October to February was to allow additional time for all the forms to be returned, improving the accuracy of our publication.

Individuals can hold and contribute to more than one personal pension account with more than one provider and the information in Table PEN2 relates to the numbers of accounts subscribed to and not the numbers of separate individuals subscribing to accounts (which will be fewer).

Employer sponsored schemes include contracts for schemes nominated by employers or set up under a trust by an employer. Non-Employer sponsored schemes are contracts set-up by a financial institution and offered for sale to the public, and include schemes arranged via Trade Unions or other bodies.

Tables PEN3, PEN4 & PEN5

Figures for this table come from the distributional data provided on the paper and electronic forms RPSCOM100(Z) and the overall totals are scaled up to match the figures as published in Table PEN2.

The data is collected primarily for compliance purposes and contains details of contributions made by, or on behalf of, individuals. Providers have only been required to report in the detail published since 2001-02. Prior to 6 April 2001, the self-employed claimed any relief due on their contributions through Self Assessment and providers did not have to report details of these individuals. Therefore analyses on a comparable basis are not available for years prior to 2001-02.

As well as containing individual details, such as name and date of birth, the data also contains their National Insurance number and using this it possible to aggregate across those who have arrangements with one or more providers. Therefore, unlike table PEN2 which is based on aggregate returns from providers and therefore are at arrangement level, we are able to present these results at an individual level. In addition the providers have to report the employment status of the individual in the following categories:

- Employee
- In receipt of a pension
- Self-employed
- Child
- Carer of either a child aged less than 16 or a person aged 16 or over
- in full-time education
- Unemployed
- Other

These tables relates to the number of individuals who have a recorded contribution in the year - either individual, employer or minimum. Whilst in theory the data should give us details of all individuals, in practice due to incorrect or missing data less than 100% of records are available for analysis. The estimates have therefore been grossed up so that they are in line with control totals.

Table PEN6

The income taxation of pensions saving in UK registered pensions schemes generally follows an exempt, exempt, taxed structure (EET). Tax relief is available on employee and employer contributions to a registered pension scheme (E), and on investment growth within that scheme (E). Pensions in payment are taxed as income (T). In theory, this means that pensions are tax-deferred rather than tax-exempt; and the availability of relief in the accumulation phase ensures that individuals are not taxed twice on the same income.

This publication compares the pension's tax regime for registered pension schemes (generally EET) with the tax regime we have for most other forms of saving (TTE). However, there are some modifications to the table that should give a more representative estimate of the cost of tax relief for registered pension schemes, using this counterfactual.

The previous methodology did not account for recent changes to the taxation of unregistered pension schemes. In addition some aspects of relief on registered pension schemes were not included in the table. e.g. notional employer contributions to unfunded schemes.

This means that tax relief on employer contributions to unfunded registered schemes is now included, and lump sum payments from unfunded schemes and NI rebates to

PPs are excluded. The effect of these changes is to add around £2bn - £2.5bn per year to the total relief numbers.

The cost of income tax relief on contributions is calculated as:

1. Tax relief on employees' contributions to Occupational Schemes, including self administered schemes, Insurance company administered schemes, notionally funded and unfunded schemes;
2. Plus tax relief on employers' contributions to Occupational Schemes, including self administered schemes, Insurance company administered schemes, notionally funded and unfunded schemes.;
3. Plus tax relief on Individuals contribution to PP schemes;
4. Plus tax relief on Employers' contribution to PP schemes;
5. Plus tax relief on Self Employed contribution to PP schemes;
6. Plus tax relief on investment returns;
7. Less tax on pension benefits