

Purple Book 2015

Chapter 3: Scheme demographics

3.1 Summary

- ▶ 13% of schemes in the dataset are open to new members.
- ▶ 34% of schemes are closed to future accrual, 2% more than in 2014, with the proportion of schemes closed to new members falling from 53% to 51%.
- ▶ Schemes with 2 to 99 members were the least likely group to be closed to new members. The largest schemes have the highest proportion of schemes that are closed to new members – they also have the largest proportion of open schemes.
- ▶ 22% of memberships were in schemes which were open to new members.
- ▶ 8% of memberships in the dataset are active members in open schemes. The largest group is deferred members in schemes closed to new members.
- ▶ Active memberships fell by 3.4% from 2014, the smallest drop in active members recorded in the Purple Book. The number of active memberships is around half of those found in the expanded Purple 2006 dataset.
- ▶ The highest proportion of active members is in schemes with 10,000 or more members.
- ▶ The proportions of schemes and memberships by size band has remained stable over time.
- ▶ Since 2006 there has been a long term trend for the proportion of schemes associated with the manufacturing industry to diminish and the proportion of schemes associated with the services industry to increase.

3.2 Introduction

In this chapter the composition of the dataset used for this year's edition of the Purple Book is described. Figures for the total number of schemes and total scheme membership are included, with breakdowns by size, maturity, scheme status and industrial classification.

For each edition of the Purple Book, a dataset is collated including all appropriate schemes where scheme return information has been processed and cleaned. In subsequent months, more scheme returns are processed and cleaned and in 2006 and 2007 these were incorporated into the existing dataset to produce an 'extended' dataset. For 2006 and 2007, the increased coverage produced significantly different results to the original datasets. However, since then datasets have been much larger and the increased coverage made only a small difference. Accordingly comparisons are made with previous publications as follows:

- ▶ Purple 2006 and 2007 – extended dataset
- ▶ Purple 2008 to 2014 – original dataset

3.3 Scheme status

Scheme status in this Purple Book is split between:

- ▶ open schemes, where new members can join the defined benefit (DB) section of the scheme and accrue benefits
- ▶ schemes closed to new members, in which existing members continue to accrue benefits
- ▶ schemes closed to future accruals, where existing members can no longer accrue new years of service
- ▶ schemes that are winding up.

Because many larger employers have adopted the strategy of migrating their pension provision towards defined contribution (DC) by opening a DC section in an existing DB scheme, many hybrid schemes may accept new members but no longer allow new (or existing) members to accrue defined benefits.

3.3 Scheme status

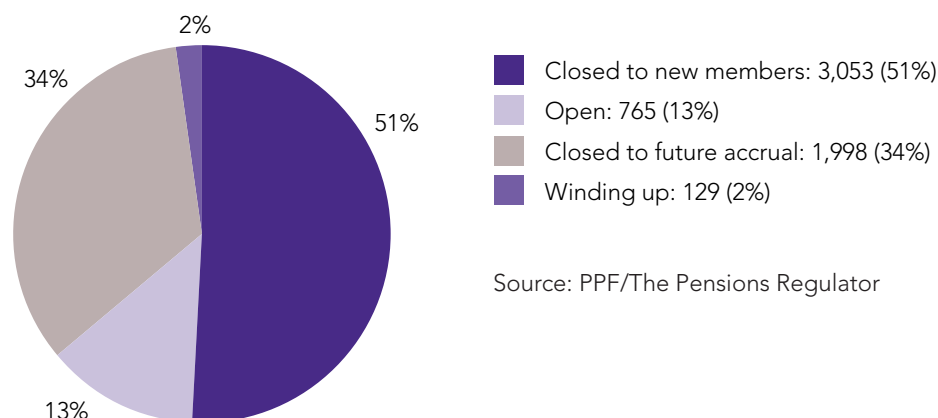
This has been handled differently across different editions of the Purple Book. In Purple 2006, 40% of memberships were in the open category and 25% were categorised as 'part open'. It was noted that the 'part open' category included a significant number of hybrids for which the DB element was closed. In Purple 2007, the 'part open' category was removed and the percentage of schemes classified as open increased in comparison with Purple 2006.

Many hybrid schemes which had previously identified themselves as 'part open' now identified themselves as 'open'. In Purple 2008 and Purple 2009, we analysed the largest 100 schemes (by membership) in the hybrid category separately so as to adjust the information provided in the scheme return and remove potential misinterpretation caused by hybrid schemes with closed DB sections declaring themselves as 'open'.

Improved levels of information on hybrid schemes are now available from the scheme returns and since Purple 2010 we are able to adjust hybrid statuses to 'closed' where DB provision is not available to new members.

Since 2013, those hybrid schemes which no longer admit new DB accruing members are categorised as 'closed to new members'. In addition, where those schemes have no active DB memberships it is assumed that the scheme is closed to future accrual. In 2015, 264 open hybrid schemes with approximately 1.3 million members were reclassified as closed to new members and a further 116 open hybrid schemes with approximately 321,000 members had their status amended to closed to future accrual.

The changes to the information available and consequent developing approach across the various editions of the Purple Book should be taken into account when comparing figures from different editions.

Figure 3.1: Distribution of schemes by status

13% of schemes in the dataset are open to new members.

Figure 3.2: Distribution of schemes by status

% of schemes	Extended Purple 2006*	Extended Purple 2007	Purple 2008	Purple 2009	Purple 2010	Purple 2011	Purple 2012	Purple 2013	Purple 2014	Purple 2015
Open	43%	36%	31%	27%	18%	16%	14%	14%	13%	13%
Closed to new members	44%	45%	50%	52%	58%	58%	57%	54%	53%	51%
Closed to future accruals	12%	16%	17%	19%	21%	24%	26%	30%	32%	34%
Winding up	<1%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

*For 2006, schemes declared as 'open' and 'part open' have all been counted as 'open'. Note that whilst schemes which are labelled as 'closed to future accrual' are also closed to new memberships, references to 'closed to new members' status schemes do not include 'closed to future accruals' status schemes.

Source: PPF/The Pensions Regulator

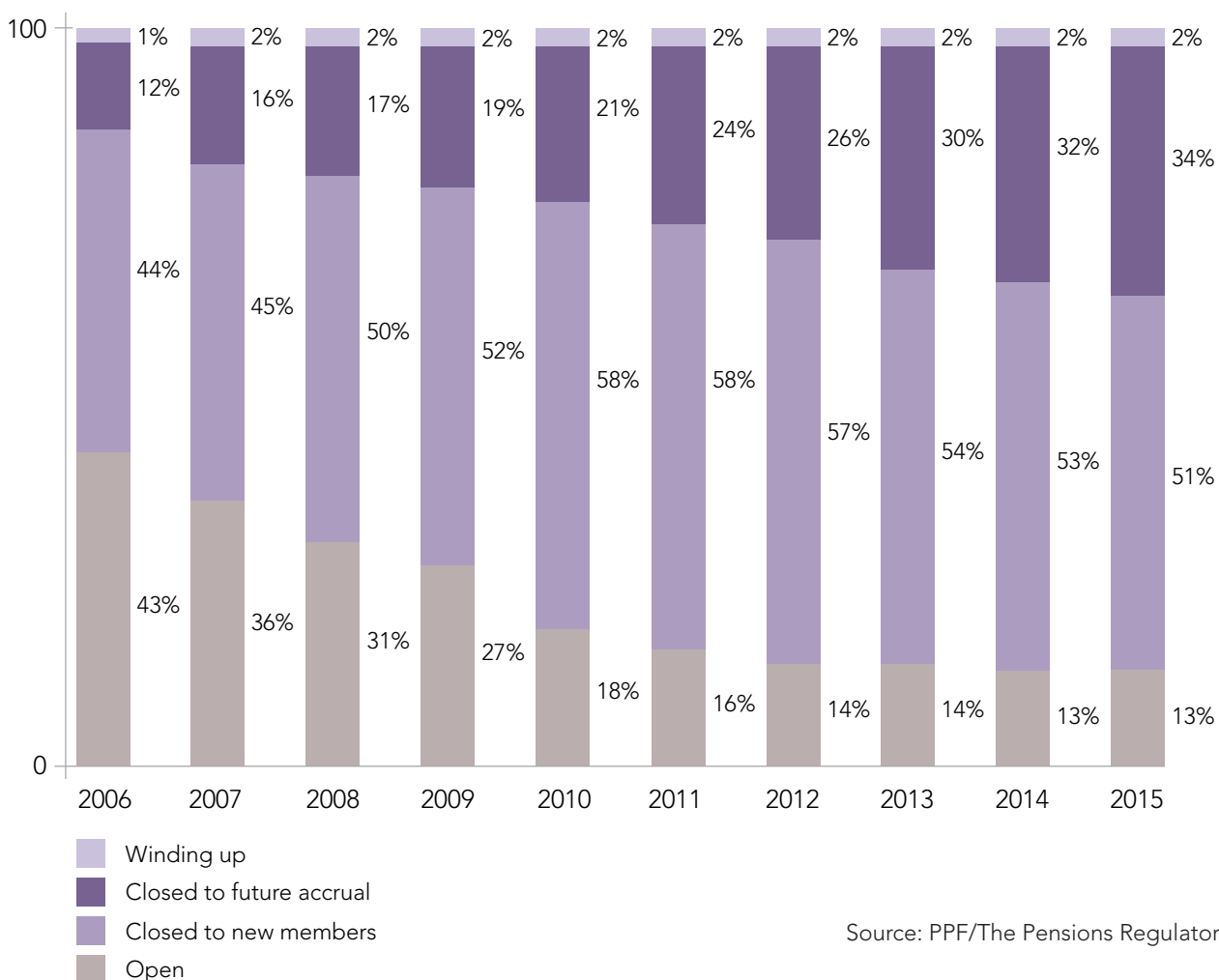
34% of schemes are closed to future accrual, 2% more than in 2014, with the proportion of schemes closed to new members falling from 53% to 51%.

Figure 3.3: Distribution of schemes by status (excluding hybrid schemes)

% of schemes	Extended Purple 2006*	Extended Purple 2007	Purple 2008	Purple 2009	Purple 2010	Purple 2011	Purple 2012	Purple 2013	Purple 2014	Purple 2015
Open	35%	33%	26%	22%	21%	18%	17%	16%	15%	14%
Closed to new members	49%	49%	52%	55%	54%	54%	53%	51%	50%	49%
Closed to future accruals	15%	17%	19%	20%	23%	26%	29%	31%	33%	35%
Winding up	1%	1%	3%	3%	2%	2%	2%	2%	2%	2%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

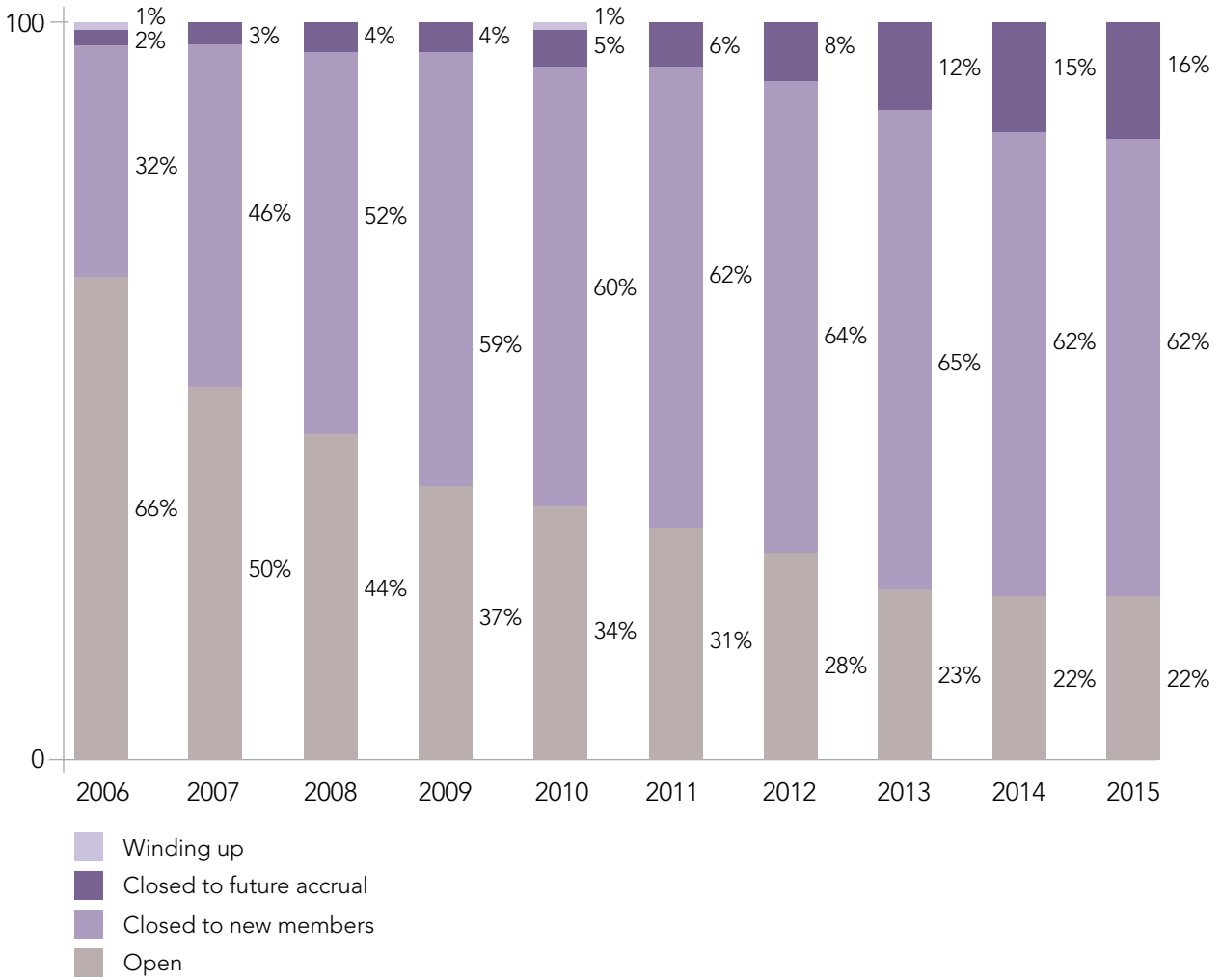
Source: PPF/The Pensions Regulator

Figure 3.4: Schemes by status and year



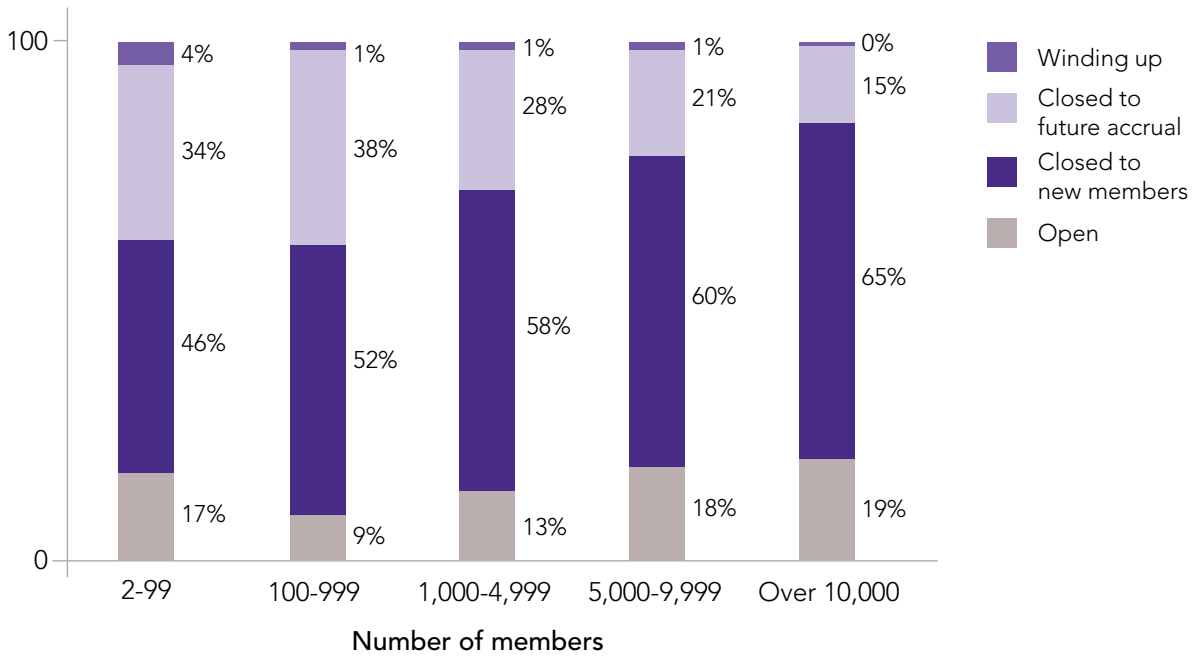
Source: PPF/The Pensions Regulator

Figure 3.5: Memberships by status and year



Source: PPF/The Pensions Regulator

Figure 3.6: Scheme status by member group



Source: PPF/The Pensions Regulator

Schemes with 2 to 99 members were the least likely group to be 'closed to new members'. The largest sized schemes have the highest proportion of both 'closed to new members' and 'open' schemes.

3.4 Scheme status and membership

Figure 3.7: Percentage distribution of memberships by scheme status

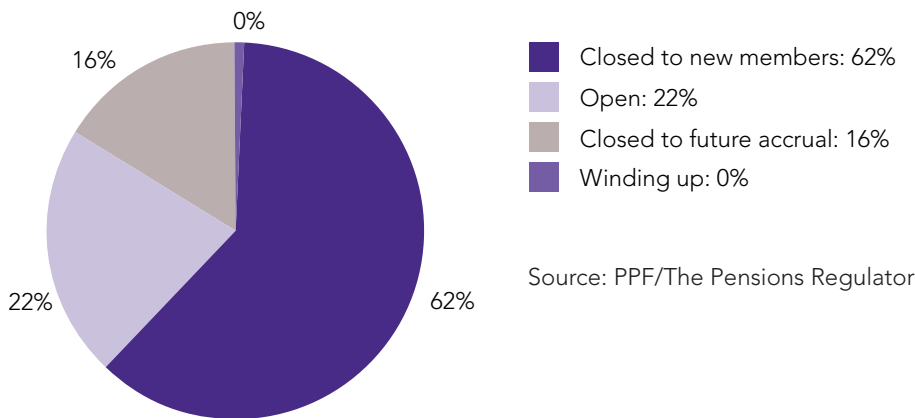


Figure 3.8: Distribution of membership by status

% of schemes	Extended Purple 2006*	Extended Purple 2007	Purple 2008	Purple 2009	Purple 2010	Purple 2011	Purple 2012	Purple 2013	Purple 2014	Purple 2015
Open	66%	50%	44%	37%	34%	31%	28%	23%	22%	22%
Closed to new members	32%	46%	52%	59%	60%	62%	64%	65%	62%	62%
Closed to future accruals	2%	3%	4%	4%	5%	6%	8%	12%	15%	16%
Winding up	<1%	0%	0%	0%	1%	0%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

*For 2006, schemes declared as 'open' and 'part open' have all been counted as 'open'.

Source: PPF/The Pensions Regulator

22% of memberships were in schemes which are open to new members.

Figure 3.9: Distribution of membership by status (excluding hybrid schemes)

% of schemes	Extended Purple 2006	Extended Purple 2007	Purple 2008	Purple 2009	Purple 2010	Purple 2011	Purple 2012	Purple 2013	Purple 2014	Purple 2015
Open	35%	55%	46%	38%	38%	34%	30%	27%	25%	24%
Closed to new members	49%	41%	49%	57%	56%	58%	61%	61%	60%	59%
Closed to future accruals	15%	3%	4%	5%	6%	8%	9%	11%	14%	16%
Winding up	1%	0%	0%	0%	1%	0%	0%	0%	1%	1%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: PPF/The Pensions Regulator

3.5 Scheme membership

Figure 3.10: Membership by membership type and status, 31 March 2015*

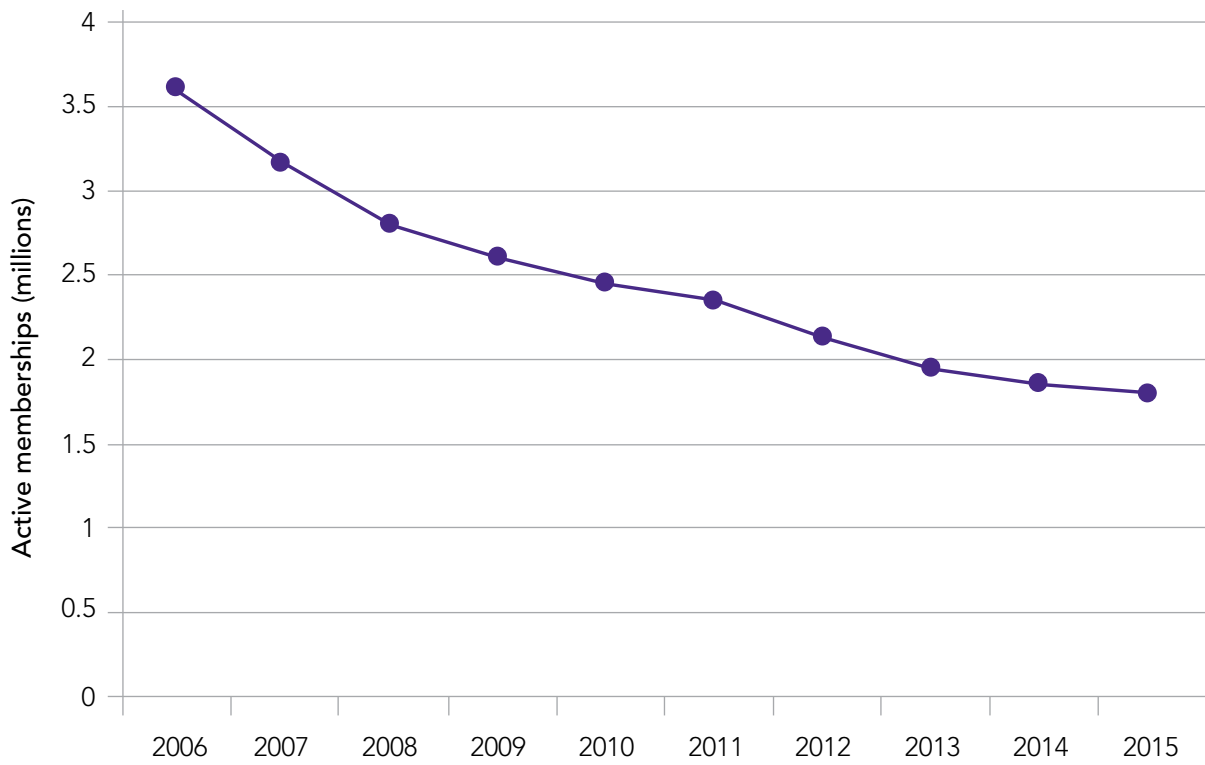
Members (millions)	Open	Closed	Closed to future accrual	Winding up	Total
Active members	0.84	0.91	0.00	0.00	1.75
Deferred members	0.83	3.04	1.06	0.02	4.95
Pensioner members	0.72	2.81	0.70	0.03	4.27
Total	2.40	6.76	1.76	0.05	10.97

*Note that for various reasons a small number of schemes have breakdowns of membership by active, deferred and pensioner types which do not match the total figure for membership. Therefore, totals may not match figures calculated from the component parts. Where members are listed as active in the information provided by closed schemes they are assumed to be deferred members.

Source: PPF/The Pensions Regulator

8% of memberships in the dataset are active members in open schemes. The largest group is deferred members in schemes closed to new members.

Figure 3.11: Active memberships in the Purple datasets



Source: PPF/The Pensions Regulator

Active memberships fell by 3.4% from 2014, the smallest drop in active members recorded in the Purple Book. The number of active memberships is around half of those found in the expanded Purple 2006 dataset.

Figure 3.12: Distribution of member types in the Purple 2015 dataset

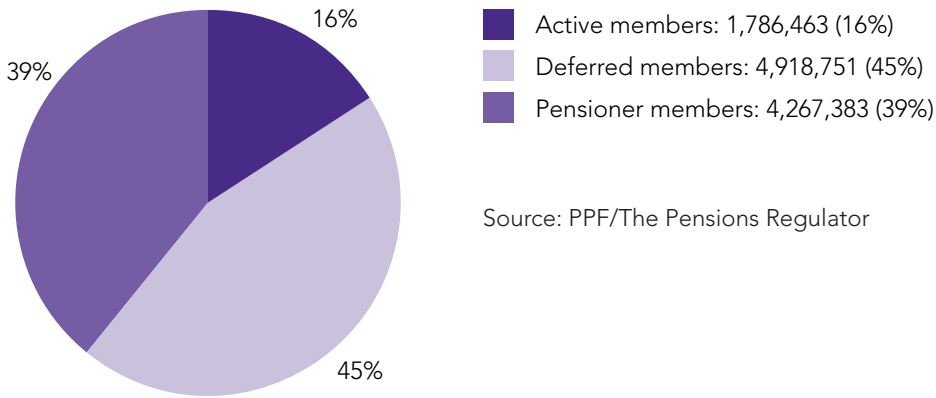


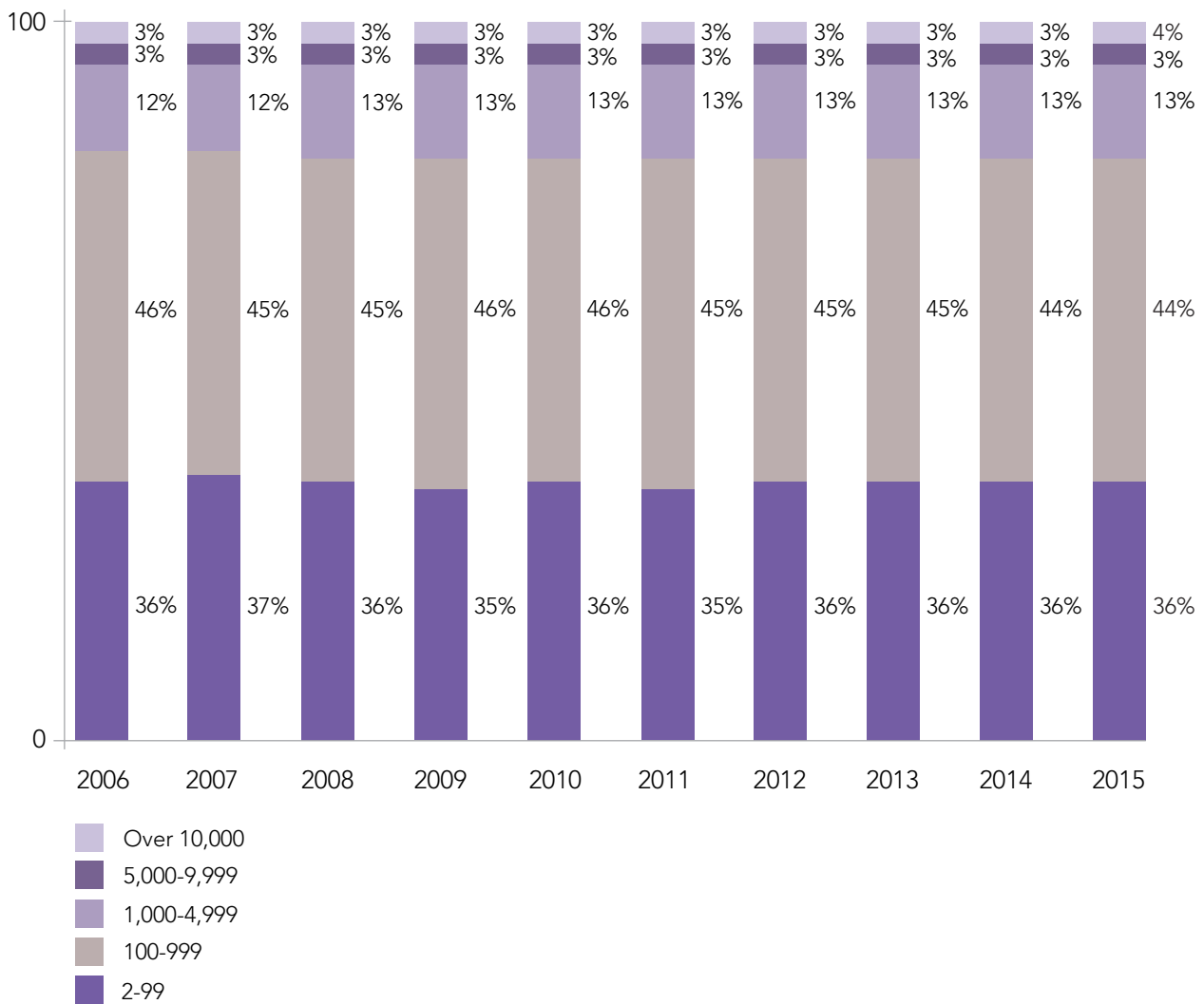
Figure 3.13: Distribution of member types in the Purple 2015 dataset



Source: PPF/The Pensions Regulator

The highest proportion of active members is in schemes with 10,000 or more members.

Figure 3.14: Proportion of schemes by size band by year

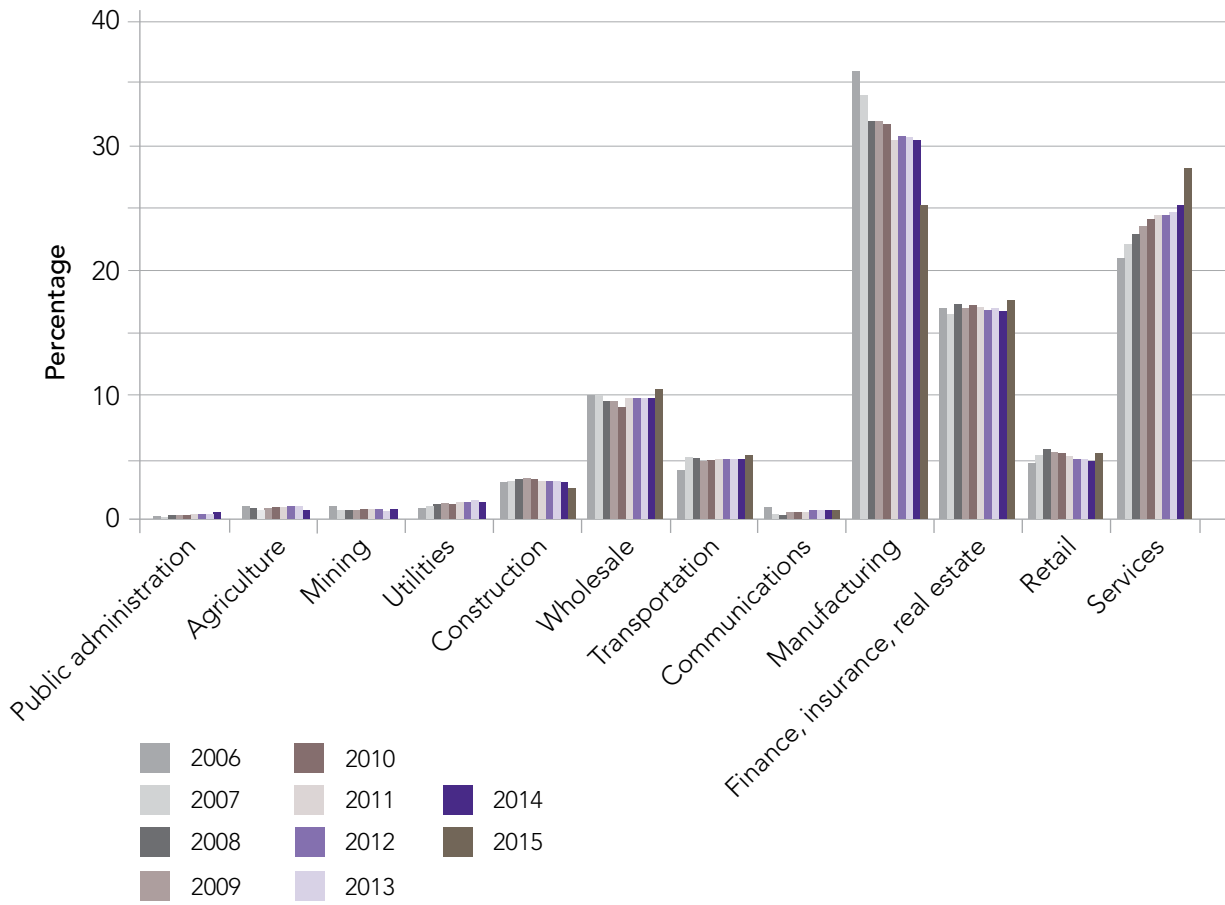


Source: PPF/The Pensions Regulator

The proportions of schemes and memberships by size band has remained stable over time.

3.5 Industry classification

Figure 3.15: Proportion of schemes by industry classification



Note that the greater than usual change in Manufacturing and Services proportions between 2014 and 2015 are partly the result of improved and updated data.

Source: PPF/The Pensions Regulator

Since 2006 there has been a long term trend for the proportion of schemes associated with the Manufacturing industry to diminish and the proportion of schemes associated with the Services industry to increase.

The Purple Book 2015 – Chapter 4: Scheme funding can be found at www.tpr.gov.uk/purple-2015-funding

The Purple Book 2015 – Appendix can be found at www.tpr.gov.uk/purple-2015-funding-appendix

The Purple Book 2015

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