

DC trust

A presentation of scheme return data



The Pensions
Regulator

Contents

Executive summary	page 3
Section 1: Schemes	page 7
Section 2: Memberships	page 15
Section 3: Contributions	page 22
Section 4: Employers	page 27
Section 5: Small schemes	page 30
Section 6: Large schemes	page 34
Appendix 1: Table data to accompany charts	page 38
Appendix 2: List of charts and tables	page 48

Executive summary

This is the second edition of **DC trust – a presentation of scheme return data** held by The Pensions Regulator (“the regulator”) which focuses on occupational trust-based defined contribution (“DC”) pension schemes and memberships (including DC memberships of hybrid-dual section schemes) registered with the regulator.

The purpose of this publication is to provide a high-level snapshot of the current landscape of occupational trust-based DC pension provision in the UK. It is based on a wide-ranging data set covering around 47,000 current schemes (from our internal database, effective date 1 September 2010).

Table A below represents the private pension landscape in the UK, showing at a high level the different forms of employer-sponsored provision available within the private sector, and giving an overview of the size of each.

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Table A
The private pension landscape

Schemes	DB	Hybrid-mixed benefit	Hybrid-dual section	DC trust	DC contract
No. of schemes	6,280	750	1,050	45,990	n/a
Open schemes	1,140	180	590	34,610	n/a
Total memberships	8.4m	1.7m	4.3m	1.5m	3m
DB memberships	8.4m	n/a	3.3m	n/a	n/a
DB members – active	1.7m	n/a	0.5m	n/a	n/a
DC memberships	n/a	n/a	1m	1.5m	3m
DC members – active	n/a	n/a	0.4m	0.6m	n/a

Sources: Internal data from The Pensions Regulator as at 1 September 2010 and ASHE 2009¹

¹ <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14058>

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This publication focuses on the areas marked as DC trust-based and hybrid-dual section. There are many varieties of hybrid scheme, but they can broadly be classed as either mixed benefit or dual section. A mixed benefit scheme offers 1 set of benefits which has elements of both defined benefit ('DB') and DC, such as a DC scheme with a guaranteed minimum payment ('GMP') underpin. A dual section scheme has 2 sections, one offering DC benefits and the other offering DB benefits.

The regulator analyses and presents information on the DB pension landscape in the **Purple Book**, produced jointly with the Pension Protection Fund ('PPF'). This includes DB-only schemes as well as DB elements of hybrid schemes. This publication does not seek to replicate any of the data in the **Purple Book**, though it does share some of the same objectives.

Excluded from this analysis are DC work-based personal pensions (which we refer to as contract-based schemes). DC contract-based schemes, made up of group personal pensions ('GPPs') and group stakeholder pensions ('GSHPs'), are subject to a different regulatory framework from DC trust-based schemes. The regulator works jointly with the Financial Services Authority ('FSA') in the regulation of work-based personal pensions (GPPs and GSHPs). Individual personal pensions sit outside the remit of the regulator. Therefore, all types of DC contract-based provision, both group and individual, are outside the scope of this publication.

The data presented here comes from information supplied by pension schemes to the regulator through 2 processes – the scheme registration process and the scheme maintenance (or scheme return) process. As both of these processes are ongoing, the data held by the regulator is continually being amended and updated. The information held here is a reflection of the data held by the regulator as at 1 September 2010.

The first 4 sections of this publication refer to occupational trust-based DC schemes with 12 or more memberships. These schemes account for 9% of the total number of schemes, but more than 95% of the memberships. Section 5 is concerned with small schemes (2 to 11 memberships), and section 6 looks at the largest 100 schemes by total membership.

Additional content

In addition to updating the content included in last year's publication, this publication includes new content which has been made available as a result of the regulator adding questions to the DC (12+ memberships) pension scheme return.

These additional questions allow for breakdowns of data by scheme governance structures, and presentation of information regarding the age profile of members of occupational DC schemes. Breakdowns by governance structure focus on whether a scheme is 'bundled', 'unbundled', a 'Master trust', or an 'industry-wide Master trust'. For descriptions of these terms, please see Table C on page 14.

Age profile information is collected by the regulator in order to identify schemes which have members approaching retirement. Data is requested on the number of members aged between 50 and 59, to identify schemes likely to be subject to pre-retirement de-risking strategies, and aged 60 or above, to identify schemes which will be subject to regulations regarding communications on the 'open-market option' ('OMO').

Also included in this publication is information regarding employers offering trust-based DC pension benefits to their employees. This information relates to employers of schemes of all statuses, and therefore not all employers shown are currently offering DC trust schemes, but have done so in the past. For more information on scheme statuses, please see Table B on page 10.

The data

Pension schemes in the UK with 2 or more memberships are required to register with the regulator. At the point of registration, an occupational scheme provides its scheme name and contact details, scheme status, membership information and details about its employer(s), trustees and advisers. In addition, the regulator operates a scheme return process. This is a statutory requirement in the Pensions Act 2004. It is the principal means for the regulator to collect up-to-date information regarding occupational pension schemes.

The regulator operates a phased approach to the DC scheme return, with schemes of 12 or more memberships completing annually and schemes with 2 to 11 memberships completing triennially. The regulator operates a web-based return which offers several advantages, one of which is that schemes can log in to update their details at any time (the scheme maintenance process). Scheme return notices are still sent to schemes annually or triennially as a reminder to update their details. The scheme return requests further information for occupational trust-based DC schemes with 12 or more memberships, such as total annual contributions over the last year. For more information regarding the regulator's scheme return, visit our website and view **Trustee guidance**.

The size of the data set used in this analysis varies per section depending on the number of schemes which have supplied the information. Therefore, the data presented will often be a subset of the overall landscape. Further information on the size of the subset is attached to each chart.

Throughout this publication, data is presented in the form of charts. However, the relevant tables of information for each chart are included in Appendix 1 on pages 38 to 47. Also included in Appendix 1 are tables giving information on the effective dates for data submitted on memberships and contributions (see pages 46 and 47). For membership data, 94% of schemes have an effective date of after 1 January 2008 and this represents 98% of memberships. For contribution data, 86% of relevant schemes (those which are either open or closed, have 12 or more memberships and are not hybrid) have provided information whose effective date is 1 January 2008 or later, and this covers 88% of memberships.

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Key findings

- Most schemes covered by the data set are small**
Of the 47,000 DC trust-based schemes more than 90% have fewer than 12 memberships, the majority of which are very small schemes: 38,300 have 2 to 4 memberships inclusive. There are only 130 schemes which have more than 10,000 DC memberships.
- Around half of total DC memberships are in a small number (130) of large schemes**
The 130 schemes with more than 10,000 memberships account for nearly half of all DC memberships. The 44,000 schemes with 2 to 11 memberships account for around 5% of all memberships.
- Hybrid schemes form a significant part of the landscape**
Whilst hybrid schemes are only 2.5% of all schemes with more than 2 memberships, they account for around 25% of all schemes with more than 12 memberships. In addition, more than 40% of all DC memberships are in hybrid-dual section schemes. For a description of hybrid schemes, please see paragraph 1 on page 4.
- Most DC memberships are deferred**
Around 60% of all DC memberships are deferred (they are no longer making contributions) leaving around 1 million active (contributing) members of occupational DC schemes. There are very few pensioner memberships of DC schemes. This is because most members will purchase an annuity in their own name at retirement, and therefore cease to be a part of the scheme.
- The DC landscape is reducing in terms of schemes, but stable in terms of membership**
The number of DC schemes has reduced from last year's **DC trust – a presentation of scheme return data**, from 55,000 to 47,000, a fall of 15% (previous data correct as at 31 December 2008). This is against a backdrop of relatively stable membership figures of around 2.5 million.
- The majority of contributions to DC schemes come from employers**
Annual contributions to schemes with 12 or more DC memberships amount to approximately £2.2bn, or £4,200 per active member. Of these contributions around 75% come from the employer. This is consistent with the findings in last year's **DC trust – a presentation of scheme return data** (data correct as at 31 December 2008). One exception to this is industry-wide Master trusts (see Table C on page 14 for a description of Master trusts), where employee contributions match those of the employers.
- Most employers who offer DC trust benefits to employees do so via a Master trust**
Of approximately 82,000 employers who offer, or have offered, their employees trust-based DC pension benefits approximately 75% do so via a Master trust scheme. However, only 1 in 10 memberships are in a Master trust. In 2009, the population of all private sector employers in Britain with 1 or more employees comprised around 1.6 million organisations².
- DC scheme membership is mature**
Approximately 20% of all DC memberships are aged over 50, and 4% are aged over 60. With a mature membership, issues such as the 'open-market option' (OMO) and investment de-risking become more relevant.
- Most DC schemes entering wind-up since 1997 have completed winding up**
84% of the 650 schemes which entered wind-up between 2005 and 2008 (inclusive) are now wound up. 70% of the schemes which entered wind-up between 1997 and 2004 (an earlier period) are now wound up, suggesting that schemes which entered wind-up more recently, wind up more quickly.

² Employer pensions provision survey, 2009, p20 (<http://research.dwp.gov.uk/asd/asd5/rports2009-2010/rrep687.pdf>)

Section 1: Schemes

This section presents information on the number of DC schemes, as well as information relating to the year in which these schemes were established. It includes both occupational trust-based DC schemes and hybrid schemes with 12 or more DC trust-based memberships.

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The information presented in this section of the publication is required to be provided by schemes at the point of registration and updated annually via the scheme return process. Data shown in the section below represents data held by the regulator as at 1 September 2010.

Chart 1.1
Total number of schemes (year-on-year) by benefit type

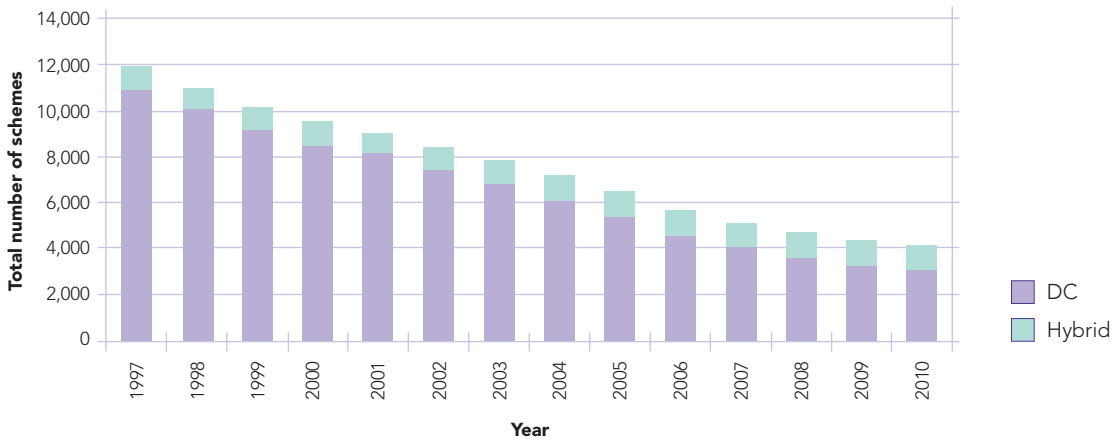


Chart 1.1 above shows the number of schemes year-on-year from 1997 onwards. During this time the number of schemes has decreased significantly, driven by a fall in the number of pure DC schemes. Hybrid-dual section schemes, by contrast, have increased in number during the period. The total drop in number of schemes is due to scheme wind-ups exceeding new scheme registrations. In the period shown, 10,600 relevant schemes have wound up, whilst only 1,100 schemes have been established.

Key fact

- Since 1997, the number of occupational schemes with 12 or more DC memberships has fallen from 12,600 to 4,240 – a fall of 66%.

Chart 1.2

Number of schemes by size and benefit type

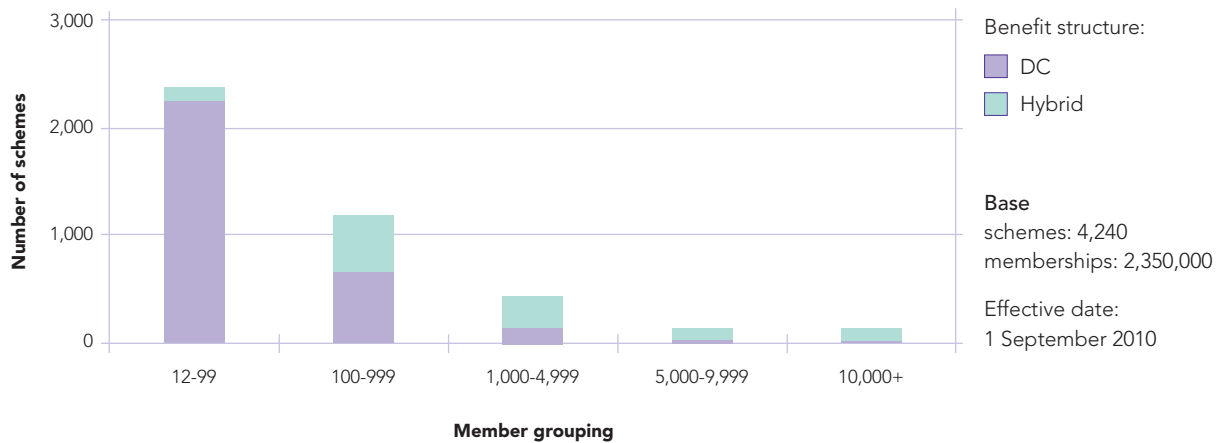


Chart 1.2 above shows the number of schemes broken down by scheme size and benefit type. The majority of schemes are in the smaller size bracket. In addition, the majority of schemes with more than 100 memberships are hybrid-dual section schemes.

Key fact

- There are 4,240 schemes with 12 or more DC memberships registered with the regulator, of which 73% are pure DC and 27% are hybrid schemes.

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Table B
Descriptions of scheme status

Status	Open	Closed	Paid up (frozen)	Winding up
Description:	<p>New memberships are allowed to join the scheme</p> <p>Existing memberships are allowed to continue contributing</p> <p>Funds continue to be invested</p> <p>Funds continue to attract charges</p>	<p>New memberships are not allowed to join the scheme</p> <p>Existing memberships are allowed to continue contributing</p> <p>Funds continue to be invested</p> <p>Funds continue to attract charges</p>	<p>New memberships are not allowed to join the scheme</p> <p>Existing memberships are not allowed to make contributions</p> <p>Funds continue to be invested</p> <p>Funds continue to attract charges</p>	<p>Fund has begun the process of closing down</p> <p>New memberships are not allowed to join the scheme</p> <p>Existing memberships are not allowed to make contributions</p> <p>Funds continue to be invested</p> <p>Funds continue to attract charges</p>

Chart 1.3
Number of schemes by status and benefit type

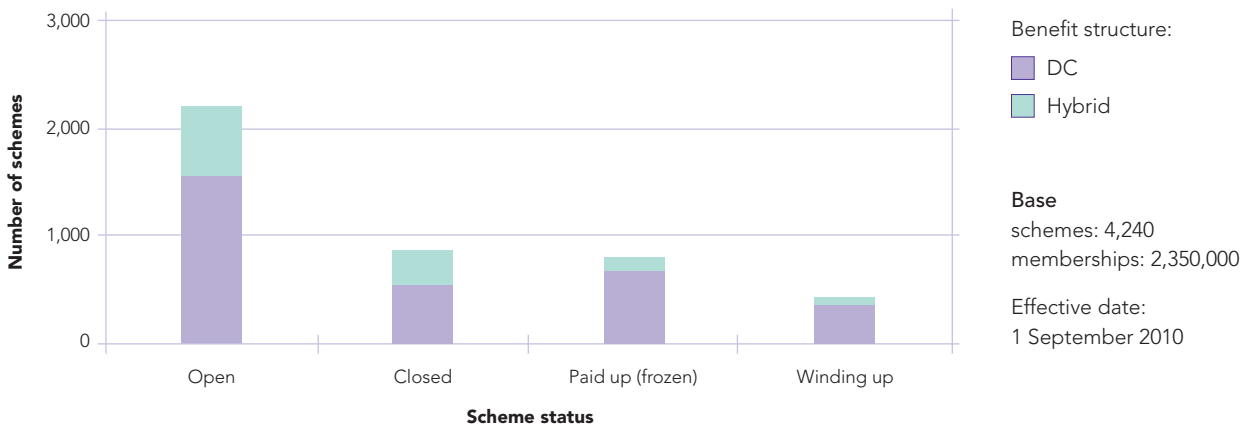


Chart 1.3 above shows the number of schemes broken down by scheme status. A slight majority of these schemes are still open to new members, though this is not the case for pure DC schemes. A large majority of schemes are still open to future contributions and, again, hybrid-dual section schemes are more likely to be open to future contributions than pure DC schemes. For the actual figures, please see Table 1.3 in Appendix 1 on page 39.

Key fact

- 51% of schemes are still open to new members (50% for pure DC and 58% for hybrid-dual section schemes).

Chart 1.4
Number of schemes by year established and benefit type

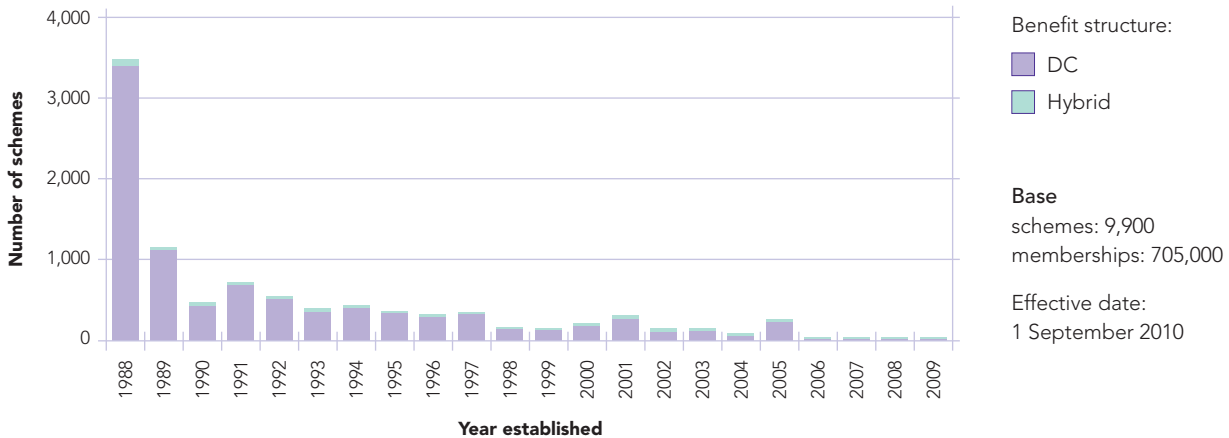


Chart 1.4 above shows the number of schemes which have been established and registered with the regulator year by year from 1 January 1988 to 31 December 2009. There is a significant peak in 1988 (when contracting out of the state second pension first became allowed for DC trust schemes) and further peaks in 1997, 2001 and 2005. There have been just 96 schemes established since 2005. This may be a reflection of the increasing popularity of contract-based schemes during the period. It should be noted that schemes established earlier have had longer to grow and as such, there may be recently established schemes which currently have less than 12 memberships but will have more in future.

(NB: Hybrid-dual section schemes may have been established as pure DB schemes and adapted to include a DC section. In this situation, the regulator does not hold data on the date the DC section was added. In addition, a large number of schemes were established before 1988. It is for these reasons that total membership figures in the base for this chart represent a relatively small section of the landscape).

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Key fact

- 9,900 schemes have been established since 1 January 1988.

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Chart 1.5

Number of schemes by year wound up

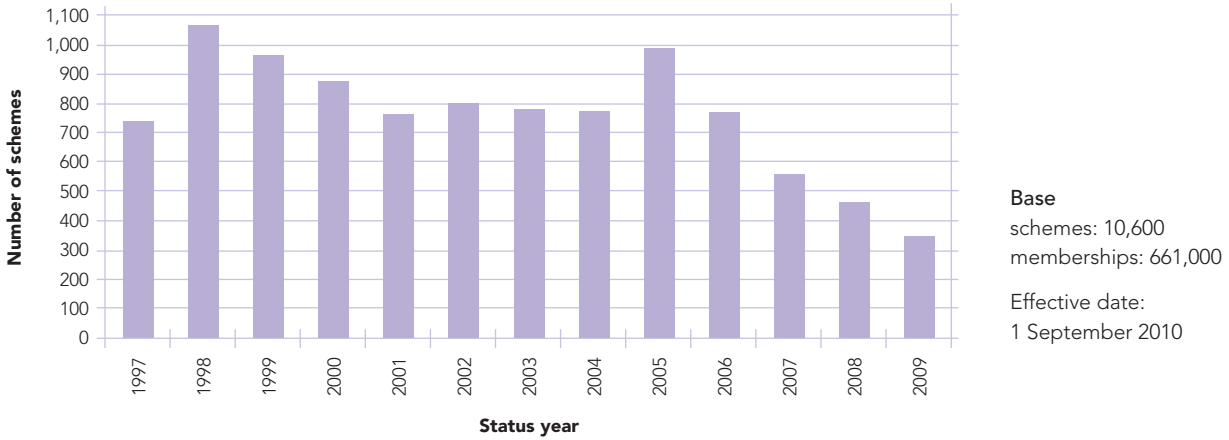


Chart 1.5 above shows the number of schemes which have wound up year on year from 1 January 1997 to 31 December 2009. The number per year has been relatively consistent across the period, with significant peaks in 1998 and 2005. Since 2005, the number of schemes completing wind-up has reduced each year.

Key fact

- The number of schemes completing wind-up per year has decreased from 990 in 2005 to 350 in 2009, a fall of 64%.

Chart 1.6

Number of schemes by year that entered wind-up and current status

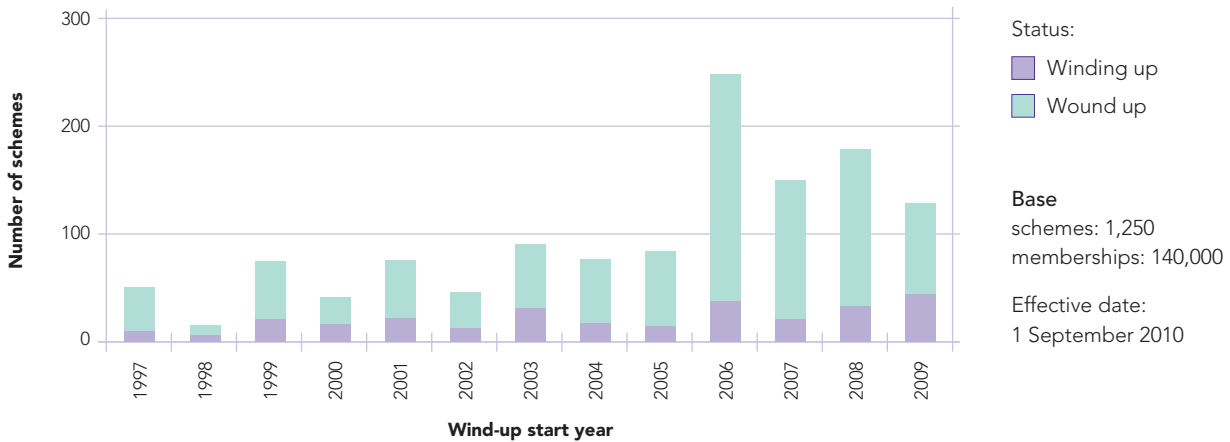


Chart 1.6 above shows the number of schemes entering wind-up each year from 1 January 1997 to 31 December 2009. This information is split by the current status of the scheme. As can be seen, the majority of schemes which have entered wind-up since 1997 have completed wind-up, though some are outstanding. In total 1,250 schemes have entered wind-up in the period shown, of which 63% have entered since 2005.

Key fact

- 1,250 schemes have entered wind-up since 1997, of which 77% have completed wind-up.

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Table C
Descriptions of governance structure

Governance structure	Industry-wide Master trust	Master trust scheme	Bundled scheme	Unbundled scheme
Description:	A Master trust scheme which is only offered to employers within a specific industry.	An arrangement whereby a product provider – either an insurance company or trustee body – manages pension fund assets for a group of unrelated employers under a single trust arrangement.	Most services delivered by a single provider.	Primary functions split between multiple service providers.

Chart 1.7
Number of schemes by governance structure and benefit type

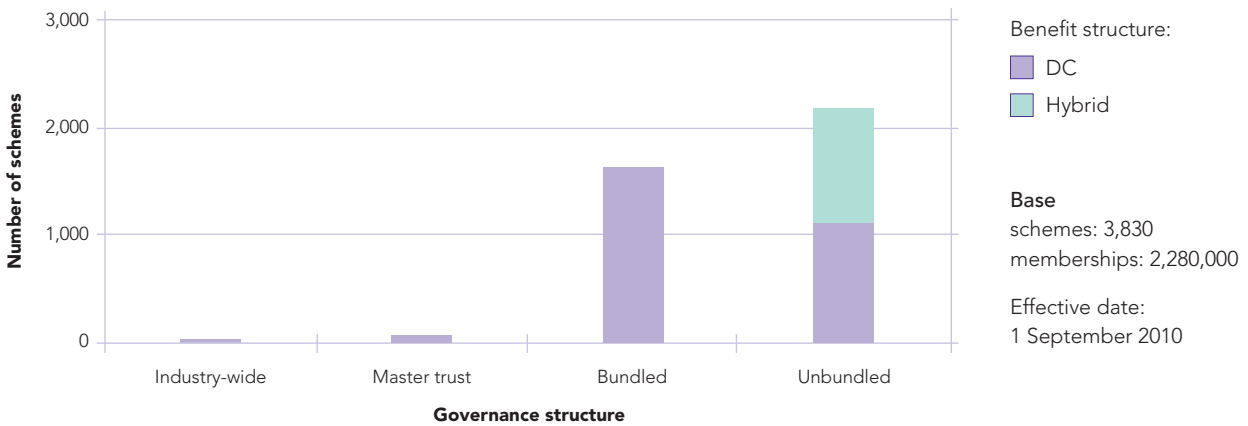


Chart 1.7 above shows the number of schemes broken down by governance structure (see Table C on page 13 for the descriptions of governance structures). The majority of schemes are unbundled, although the majority of pure DC schemes are bundled. There are just over 50 Master trusts, of which one third are industry-specific.

Key fact

- 57% of schemes are unbundled.

Section 2: Memberships

This section presents information on memberships of DC schemes. It includes both occupational trust-based DC schemes and hybrid schemes with 12 or more DC trust-based memberships. (The exceptions to this are the charts on membership age profiling).

The scheme return does not request a breakdown by membership age profile for DC trust-based memberships of hybrid-dual section schemes, so data on this is not presented here. Information on member age profiling only classifies those members aged 50 to 59 and 60 or above.

The information presented in this section is required to be provided by schemes at the point of registration and updated annually via the scheme return process. Data shown in the section below represents data held by the regulator as at 1 September 2010.

Whilst data is a reflection of that held by the regulator at 1 September 2010, the effective dates for this information varies. For information relating to memberships and contributions, data is held in section 7 of Appendix 1 (on pages 46 and 47) giving a breakdown on the effective dates for that information. 94% of schemes have an effective date for the information after 1 January 2008, this represents 98% of memberships.

Chart 2.1
Number of members by status and benefit type

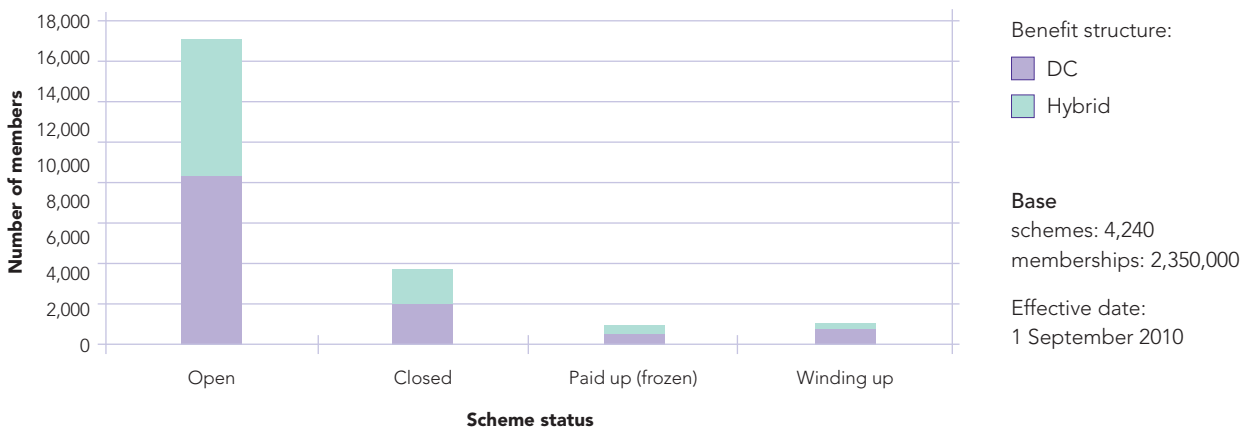


Chart 2.1 above shows the number of memberships split by benefit type and scheme status. More than half of memberships are in pure DC schemes. The vast majority of memberships are in schemes which are still open to new members, and of the remainder the majority are in schemes which are still open to future contributions. This is even more pronounced for DC memberships of hybrid-dual section schemes.

Key fact

- There are 2.4 million memberships of schemes with 12 or more DC memberships, of which 43% are in hybrid-dual section schemes and 57% in pure DC schemes.

Chart 2.2
Number of members by size and benefit type

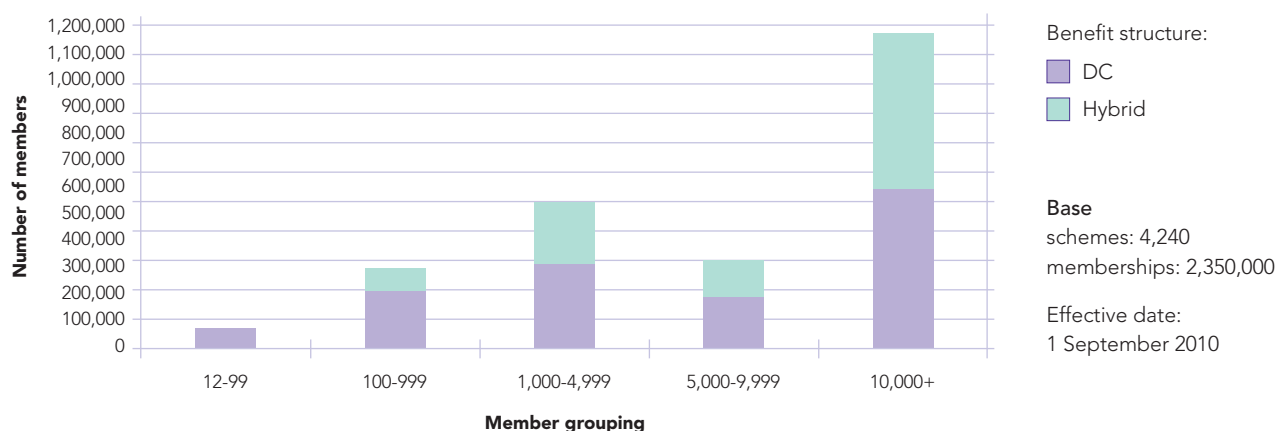


Chart 2.2 above shows the number of memberships of schemes with 12 or more DC memberships split by benefit type and scheme size. Just under half of memberships are in schemes with 10,000 or more memberships. The vast majority of memberships of schemes with 12 to 99 memberships are in pure DC schemes, whilst memberships of schemes with 10,000 or more memberships are approximately evenly split between the 2 benefit types. Almost all DC memberships of hybrid-dual section schemes are in schemes with 1,000 or more memberships.

Key fact

- 84% of memberships are in schemes with 1,000 or more memberships (92% for hybrid and 79% for pure DC schemes).

Chart 2.3
Number of members by governance structure and benefit type

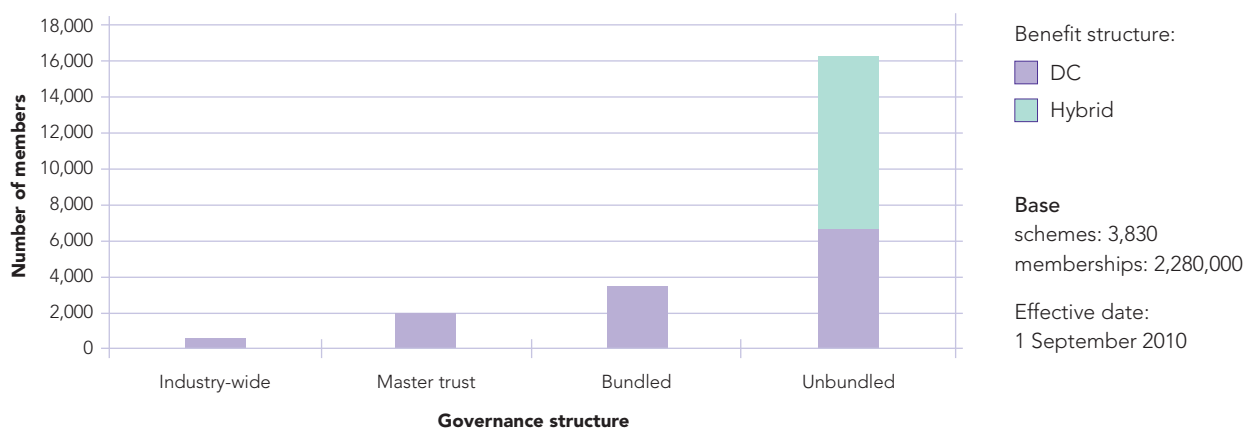


Chart 2.3 above shows the number of memberships of schemes with 12 or more DC memberships split by benefit type and governance structure. The majority of memberships are in unbundled schemes and the majority of the remainder are in bundled schemes.

Key fact

- 73% of memberships are in an unbundled scheme.

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Table D
Descriptions of member status

<p>Description:</p>	<p>A scheme member who is currently paying in contributions.</p> <p>Funds continue to be invested.</p> <p>Funds continue to attract charges.</p>	<p>A scheme member who has in the past, but is no longer, paying in contributions.</p> <p>Funds continue to be invested.</p> <p>Funds continue to attract charges.</p>	<p>A scheme member who has entered the decumulation phase of their pension.</p> <p>An annuity has been purchased on their behalf in the name of the trustees of the scheme.</p> <p>(If the annuity is purchased in the name of the member, then that member ceases to be a part of the scheme).</p>
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Chart 2.4
Number of active members by size and benefit type

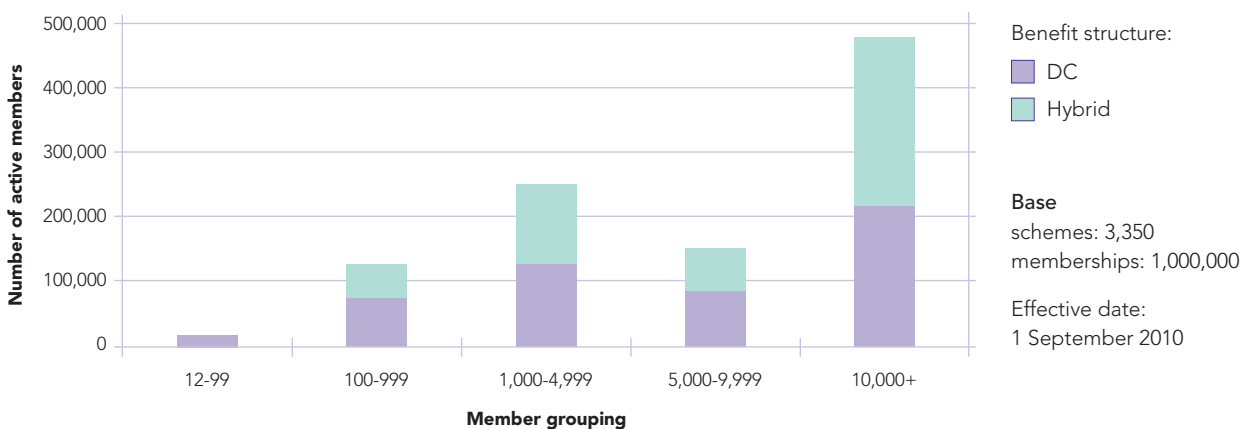


Chart 2.4 above presents the number of active (contributing) members split by benefit type and scheme size. Less than half of memberships are active. Chart 2.4 follows a similar pattern to chart 2.2, in that there are more active members in larger schemes. Again this pattern is more pronounced for hybrid-dual section schemes. More than half of active members in schemes with 10,000 or more members belong to hybrid-dual section schemes.

Key fact

- 44% of memberships are actively contributing (41% for pure DC and 48% for hybrid-dual section schemes).

Chart 2.5

Number of deferred members by size and benefit type

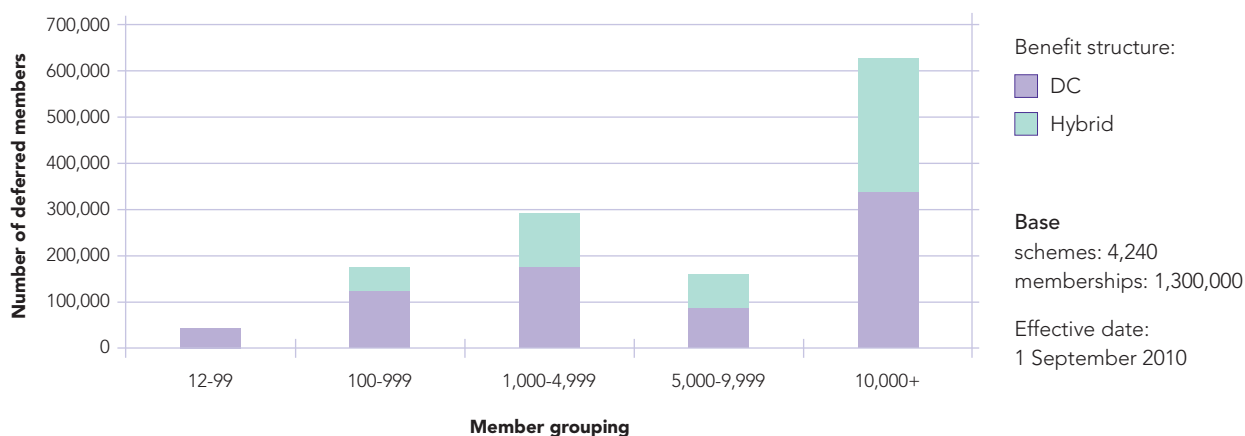


Chart 2.5 above shows the number of deferred memberships split by benefit type and scheme size. Chart 2.5 follows a similar pattern to chart 2.2, in that there are more deferred memberships in larger schemes. Again this pattern is more pronounced for hybrid-dual section schemes. More than half of the deferred memberships of hybrid-dual section schemes are in schemes with 10,000 or more memberships.

Key fact

- 56% of memberships are deferred (59% for pure DC and 52% for hybrid-dual section).

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Chart 2.6

Number of members aged 50 to 59 by status



Chart 2.6 above only includes memberships of pure DC schemes, as hybrid schemes are not requested to provide information regarding the age profile of their DC membership. This chart presents the number of memberships who are aged between 50 and 59, split by scheme status.

The significance of these members is that they are approaching retirement. Schemes with members in this age range are likely to have a different asset allocation profile to schemes with younger members, as older members approaching retirement begin to de-risk their investment strategies.

The vast majority of these memberships are in schemes which are open to new members.

Key fact

- 16% of memberships are between the ages of 50 and 59.

Chart 2.7
Number of members aged 60 or above by status

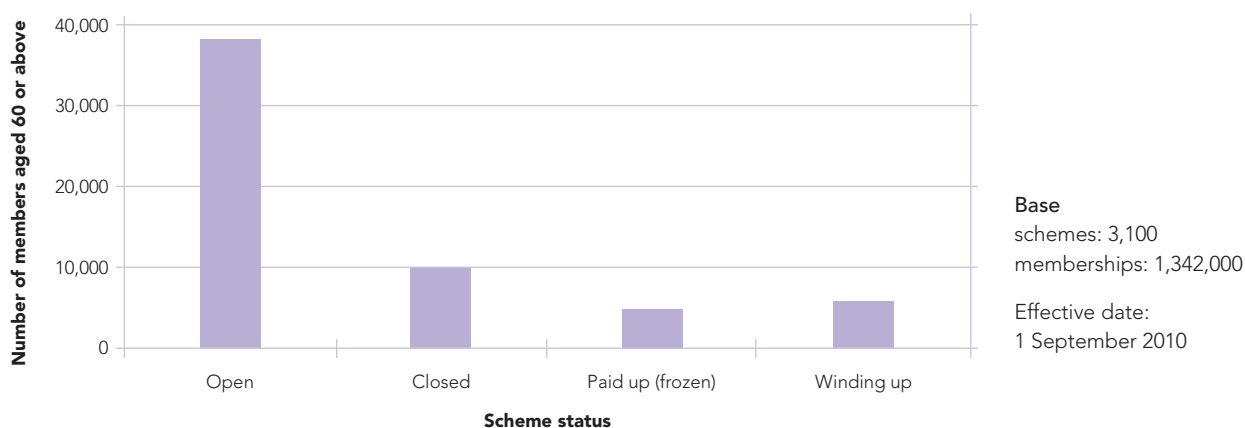


Chart 2.7 above only includes memberships of pure DC schemes, as hybrid schemes are not requested to provide information regarding the age profile of their DC membership.

This chart presents the number of memberships who are aged 60 or above, split by scheme status. The significance of these members is that they are very close to retirement. Schemes with members in this age range are likely to have experienced an asset allocation shift as members started de-risking prior to retirement. These schemes will now be addressing issues of compliance with pre-retirement regulations, such as the 'open-market option' (OMO).

The vast majority of these memberships are in schemes which are open to new members.

Key fact

- 4% of memberships are aged 60 or above.

Section 3: Contributions

This section presents information regarding the annual contributions to occupational trust-based DC pension schemes. This includes all occupational trust-based DC schemes with 12 or more memberships which have submitted their latest annual contributions details. The annual period covered is scheme specific and refers to the period covered by their last annual report.

Excluded from this analysis are schemes with fewer than 12 memberships, hybrid-dual section schemes (as the information has not been requested from these scheme types), and schemes which have not provided annual contribution information. Schemes which are paid up (frozen) or winding up are also excluded as they are no longer making contributions. The information presented in this section is not requested of schemes at the point of registration, but requested annually via the scheme return process. Data shown in the section below represents data held by the regulator as at 1 September 2010.

Whilst data is a reflection of that held by the regulator at 1 September 2010, the effective dates for this information varies. For information relating to memberships and contributions, data is held in section 7 of Appendix 1 (on pages 46 and 47) giving a breakdown on the effective dates for that information. 86% of relevant schemes (those which are either open or closed, have 12 or more memberships and are not hybrid) have provided information with an effective date of 1 January 2008 or later, and this covers 88% of memberships.

Chart 3.1 below shows the average annual contributions per active member (as deferred members are non-contributing) by source of contribution (employer or employee) and scheme size. It is clear that the majority of contributions come from the employer, regardless of scheme size.

There is also a clear pattern for member contributions in that members of smaller schemes tend to contribute a higher monetary amount than members of larger schemes. However, this pattern is not repeated for employers. The highest ratio of employer to member contributions is in schemes with 5,000 to 9,999 memberships.

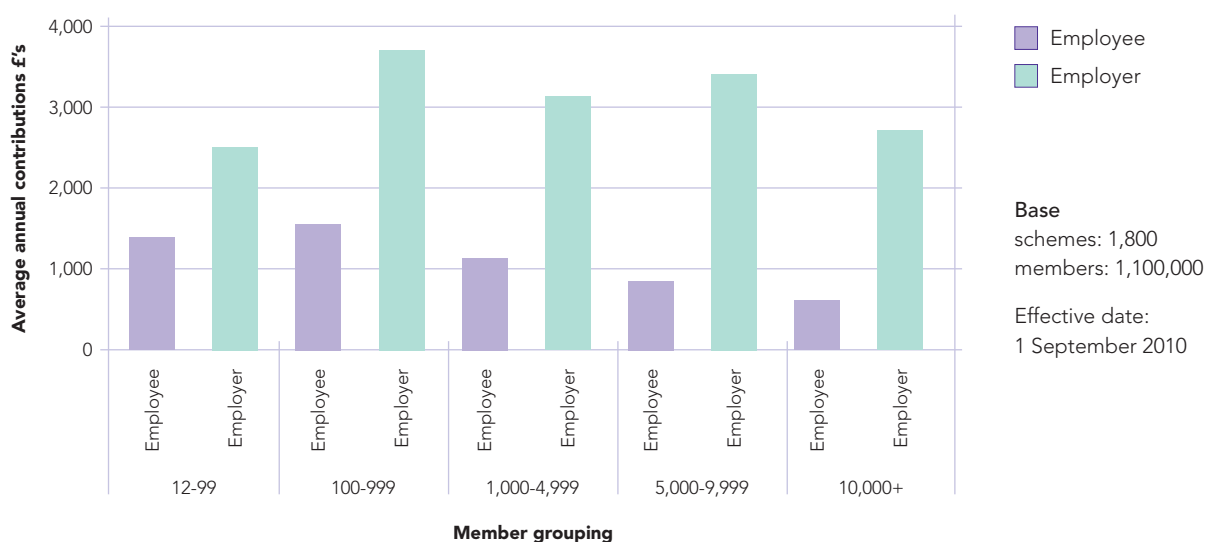
Key fact

- Average contributions per active member are £4,200 per year, 73% of which come from the employer.

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Chart 3.1

Average annual contributions per active member by scheme size



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Chart 3.2

Total annual contributions by scheme size

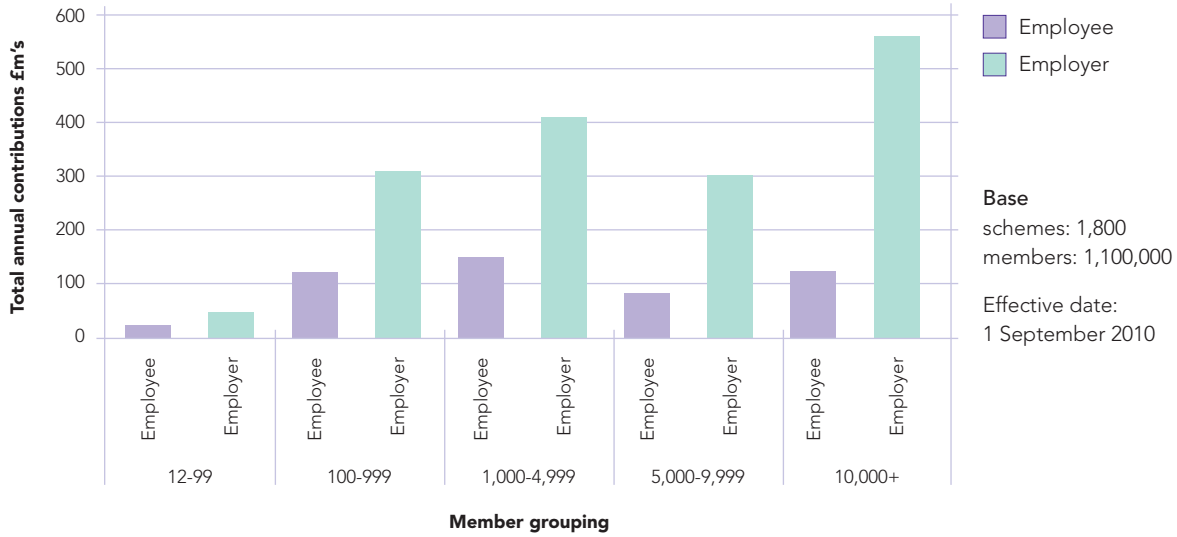


Chart 3.2 above only includes members of pure DC schemes. Hybrid schemes are not requested to provide information via the scheme return regarding the annual contributions in relation to their DC membership. This chart shows the total annual contributions by source of contribution (employer or member) and scheme size. It is clear that the majority of contributions come from the employer, regardless of scheme size.

Key fact

- Total annual contributions to occupational schemes with 12 or more DC memberships amounted to £2.2bn.

Chart 3.3

Average annual contributions per active member by governance structure

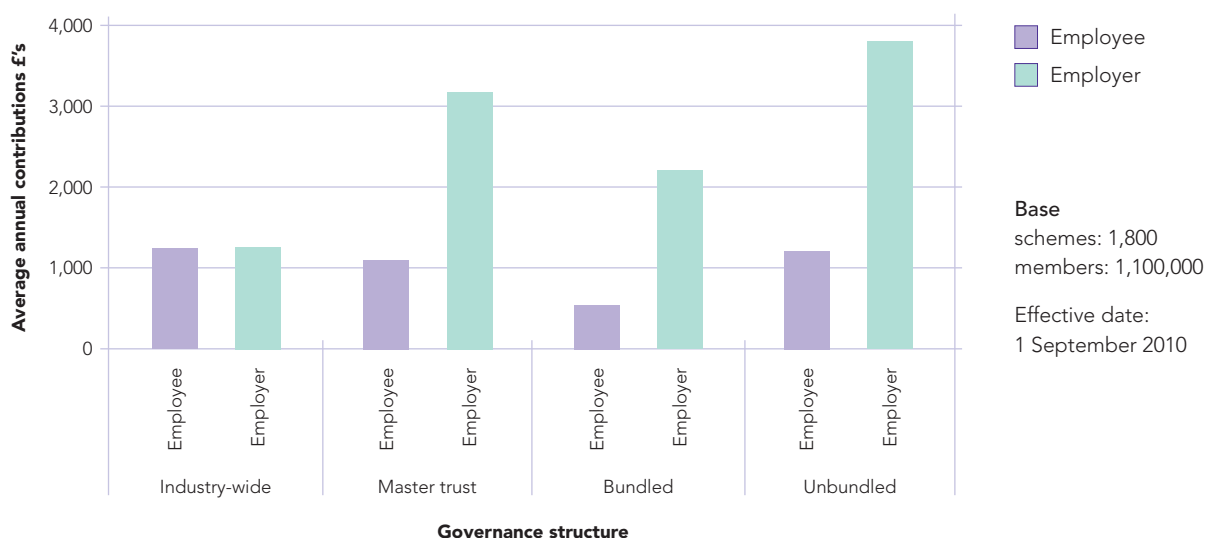


Chart 3.3 above shows the average annual contributions per active member by source of contribution and governance structure. Unbundled schemes have the highest average annual employer contributions whilst industry-wide Master trusts have the lowest. Conversely, industry-wide Master trusts have the highest average annual employee contributions (bundled schemes having the lowest).

Key fact

- Bundled schemes have the highest ratio of employer to employee contributions, at 4:1, whilst for industry-wide Master trusts this is 1:1.

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Chart 3.4
Total annual contributions by governance structure

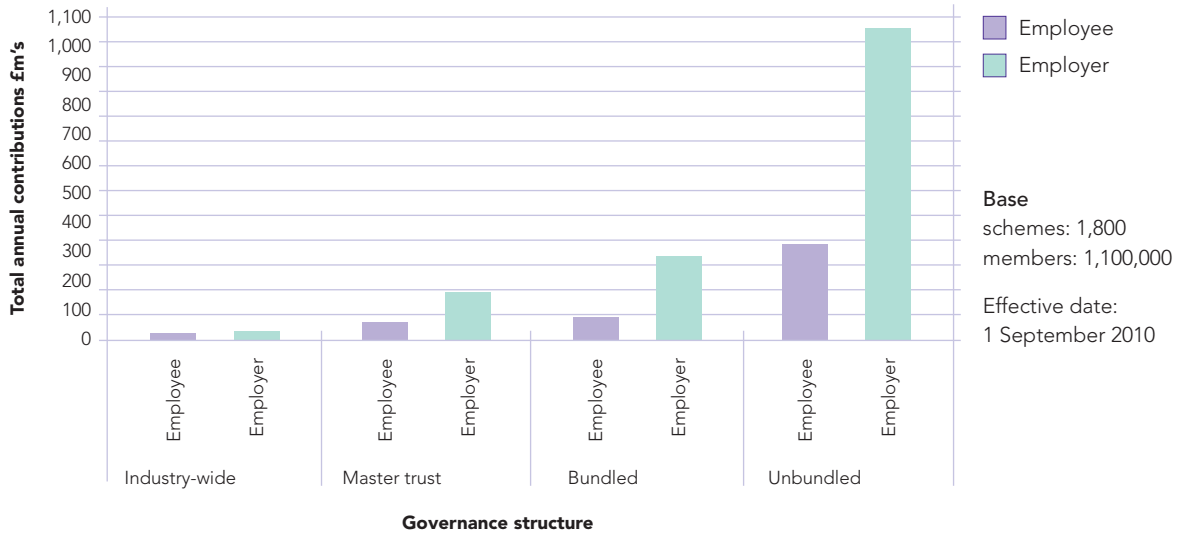


Chart 3.4 above shows the total annual contributions by source of contribution and governance structure. As most members are in unbundled schemes, and these schemes offer the highest average contributions, it is no surprise that the majority of contributions are made to unbundled schemes. Total annual employer contributions to unbundled schemes amount to over £1bn.

Key fact

- 70% of all contributions are made to unbundled schemes.

Section 4: Employers

This section presents information regarding the number of employers with an occupational trust-based DC pension scheme registered with the regulator. This includes all occupational trust-based DC and hybrid-dual section schemes with 12 or more DC memberships.

In 2009, the population of all private sector employers in Britain with 1 or more employees comprised around 1.6 million organisations³, of which around 80,000 offer (or have offered) their members access to a DC trust scheme.

The information presented in this section is requested of schemes at the point of registration and requested annually via the scheme maintenance process. Data shown in the section below represents data held by the regulator as at 1 September 2010.

Whilst data is a reflection of that held by the regulator at 1 September 2010, the effective dates for this information varies. For information relating to memberships and contributions, data is held in section 7 of Appendix 1 (on pages 46 and 47) giving a breakdown of the effective dates for that information.

Chart 4.1
Number of employers by status and benefit type



Chart 4.1 above displays the number of employers split by scheme status and benefit type. It should be noted that an employer can offer more than one scheme, and so these totals may include double counting. In addition, for hybrid-dual section schemes, some employers may only offer entry to the DB section of that scheme, though it is expected that this situation would be unusual. It is clear from the chart that the vast majority of employers are attached to open schemes.

Key fact

- 93% of employers are attached to schemes which are still open to new members, and 97% are attached to schemes which are still accepting future contributions.

³ Employer pensions provision survey, 2009
(<http://research.dwp.gov.uk/asd/asd5/rports2009-2010/rrep687.pdf>)

Chart 4.2
Number of employers by size and benefit type

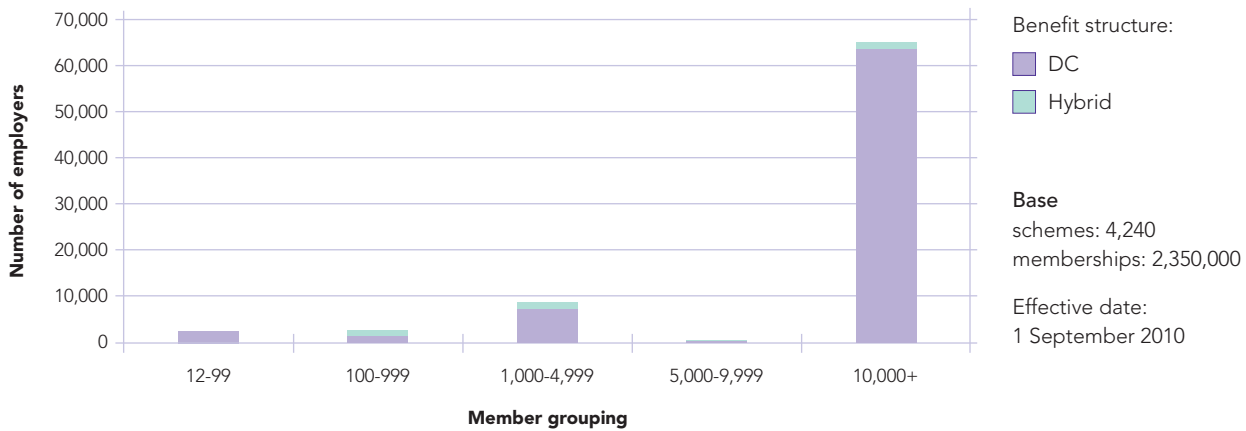


Chart 4.2 above displays the number of employers split by scheme size and benefit type. It should be noted that an employer can offer more than 1 scheme, and so these totals may include double counting. In addition, for hybrid-dual section schemes it may be that some employers offer entry only to the DB section of that scheme. It is clear from the chart that the vast majority of employers are attached to schemes with 10,000 or more memberships.

Key fact

- 79% of employers are attached to schemes with 10,000 or more memberships, and 93% are attached to schemes with 1,000 or more memberships.

Chart 4.3
Number of employers by governance structure and benefit type

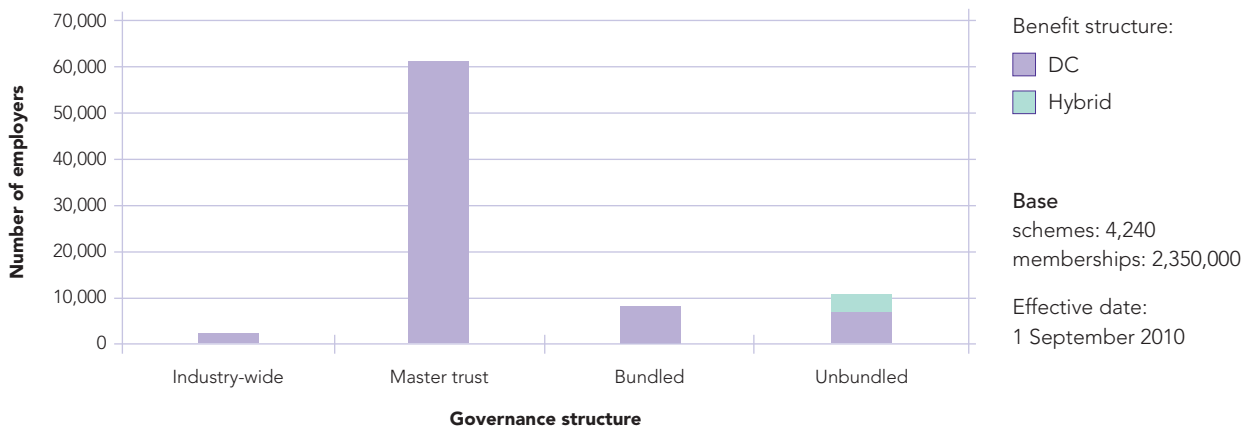


Chart 4.3 above shows the number of employers by scheme governance structure. The vast majority of employers are attached to Master trust schemes, with only a small minority of these being attached to industry-wide Master trusts.

Key fact

- 77% of employers offering DC benefits do so via a Master trust scheme.

There are far more employers offering a pure DC scheme than hybrid-dual section. Of those employers not offering a Master trust, more offer unbundled schemes than bundled.

Section 5: Small schemes

This section presents information on occupational trust-based DC and hybrid-dual section schemes with between 2 and 11 memberships, registered with the regulator (of which there are approximately 43,000).

The information presented in this section of the publication is required to be provided by schemes at the point of registration and updated triennially via the scheme return process. Data shown in the section below represents data held by the regulator as at 1 September 2010.

Whilst data is a reflection of that held by the regulator at 1 September 2010, the effective dates for this information varies. For information relating to memberships and contributions, data is held in section 7 of Appendix 1 (on pages 46 and 47) giving a breakdown on the effective dates for that information.

Chart 5.1
Number of schemes by status and benefit type

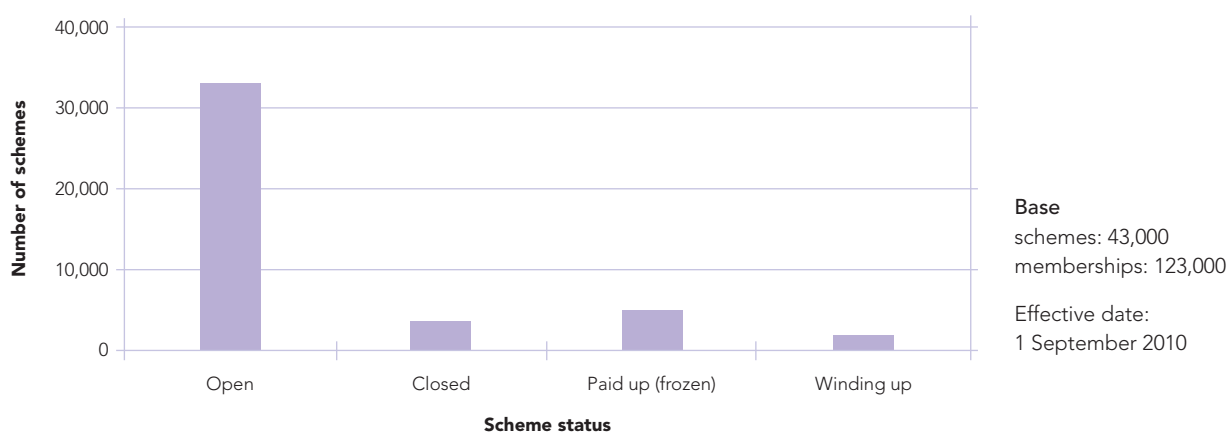


Chart 5.1 above presents the number of schemes with between 2 and 11 DC memberships, broken down by scheme status and scheme benefit type. The vast majority of these schemes are still open to new members. There are very few hybrid-dual section schemes with between 2 and 11 DC memberships.

Key fact

- There are 43,000 schemes with between 2 and 11 DC memberships registered with the regulator, of which 77% are open to new members and 85% are open to future contributions.

continued...

Chart 5.2
Number of members by status and benefit type

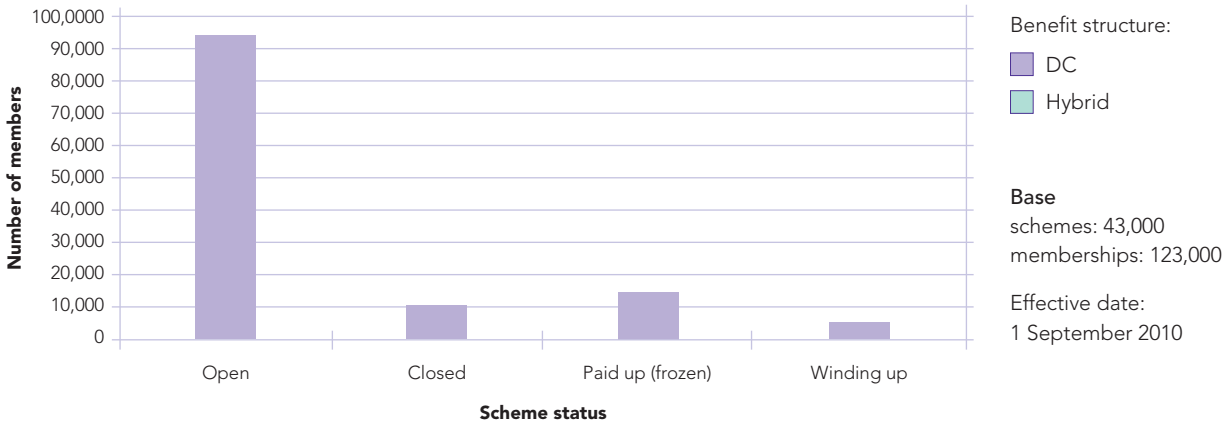


Chart 5.2 above presents the number of memberships of schemes with between 2 and 11 DC memberships, broken down by scheme status and scheme benefit type. The majority of these memberships are in schemes which are still open to new members. There are very few DC memberships of hybrid-dual section schemes with between 2 and 11 DC memberships.

Key fact

- There are 123,000 memberships of occupational schemes with between 2 and 11 memberships, of which 75% are in schemes open to new members and 84% in schemes which are open to future contributions.

Chart 5.3
Number of schemes by year established and benefit type

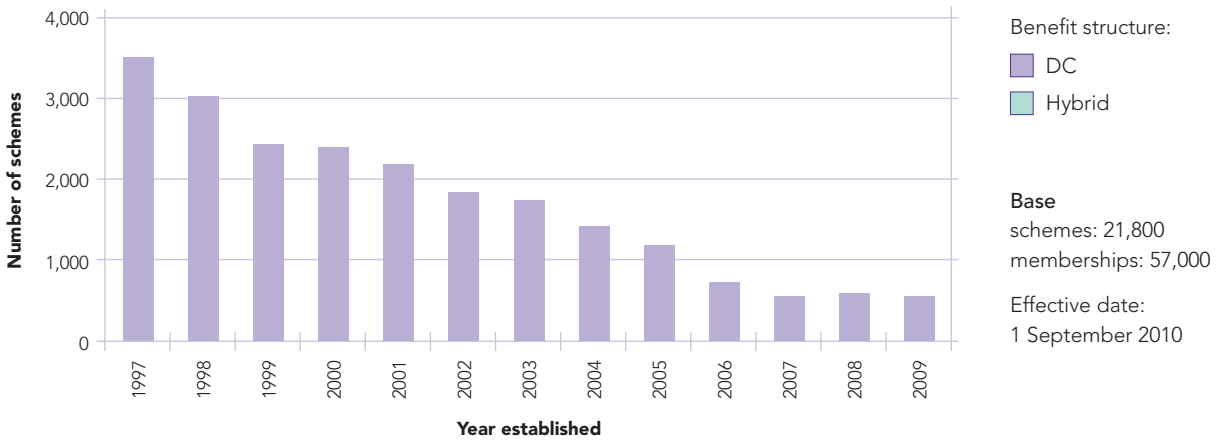


Chart 5.3 above displays the number of schemes which currently have between 2 and 11 DC memberships and which have been established and registered with the regulator year-by-year from 1 January 1997 to 31 December 2009. There is a general downward trend in the number of new schemes being registered throughout the period. Figures shown here are representative of current scheme size (at 1 September 2010), rather than at the point of registration.

Key fact

- 21,800 new schemes with between 2 and 11 memberships have been established in the period shown. The remaining schemes were established before this date.

Chart 5.4
Number of schemes by year wound up and benefit type

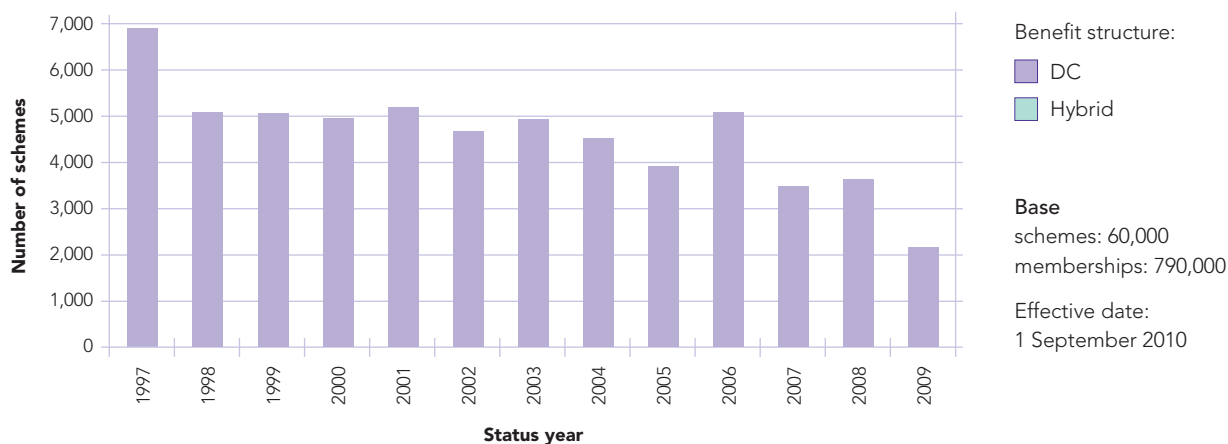


Chart 5.4 above shows the total number of schemes with 2 to 11 DC memberships which have wound up year-on-year from 1 January 1997 to 31 December 2009. The peak year for scheme wind-ups in the period shown was 1997. Over the last 2 years, the number of schemes which have wound up is significantly less than in previous years, which may in part be due to reporting time lags.

Key fact

- Around 60,000 schemes with DC members have wound up in the period shown.

Section 6: Large schemes

This section presents information on the 100 largest schemes by DC memberships. The analysis is similar to that which has been previously presented for all DC trust-based and hybrid-dual section schemes with 12 or more DC trust-based memberships. It includes both occupational trust-based DC and hybrid schemes with DC trust-based members.

The information presented in this section of the publication is required to be updated annually via the scheme return process. Data shown in the section below represents data held by the regulator as at 1 September 2010.

Whilst data is a reflection of that held by the regulator at 1 September 2010, the effective dates for this information varies. For information relating to memberships and contributions, data is held in section 7 of Appendix 1 (on pages 46 and 47) giving a breakdown on the effective dates for that information.

Chart 6.1
Number of schemes by status and benefit type

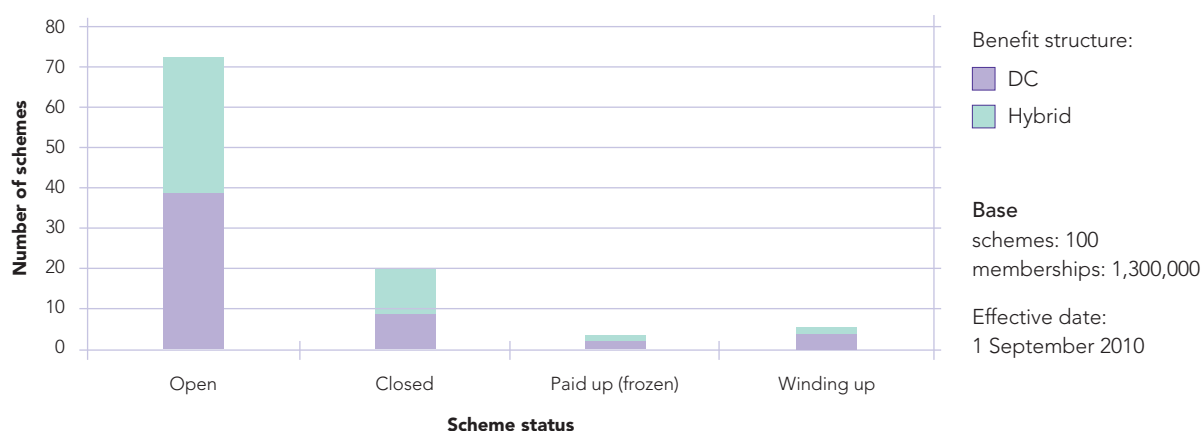


Chart 6.1 above represents the 100 largest schemes registered with the regulator, split by scheme status and benefit type. Of these schemes, just over half are pure DC (54) and just under half are hybrid-dual section (46). Approximately three quarters of these schemes are still open to new members (72) and the overwhelming majority (92) are open to future contributions.

Key fact

- 92 of the top 100 schemes by DC membership are still open to future contributions.

continued...

Chart 6.2

Number of schemes by governance structure and benefit type

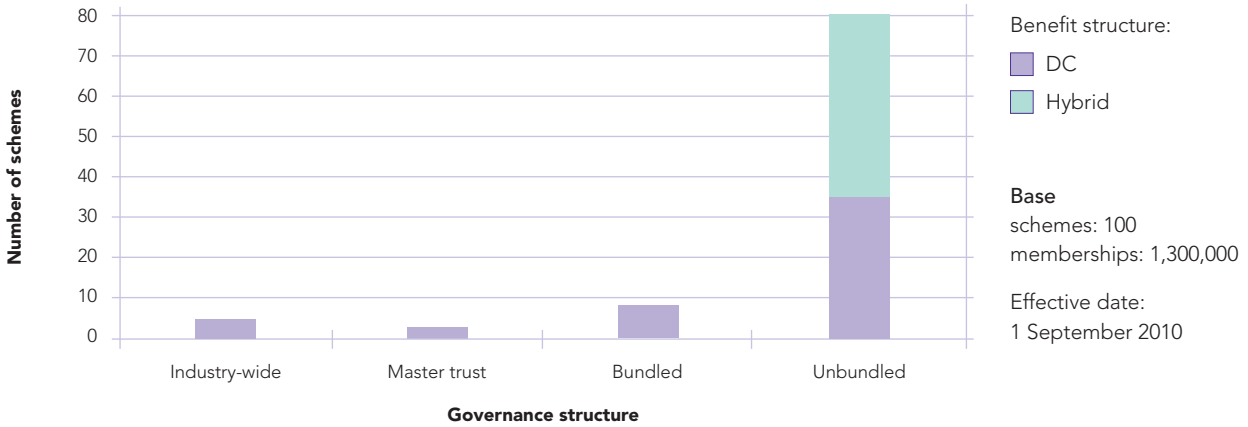


Chart 6.2 above shows the top 100 schemes broken down by governance structure and benefit type. The vast majority of schemes are unbundled, and of the remainder the majority are bundled. There are 6 Master trusts, of which one third are industry-specific.

Key fact

- 81 of the top 100 schemes are unbundled.

Chart 6.3

Number of members by status and benefit type



Chart 6.3 above shows the number of memberships of the top 100 schemes. The vast majority of these memberships are in schemes which are open to new members. Of the remainder, the majority are in schemes which are still open to future contributions. Of the memberships shown here, just under half are in hybrid-dual section schemes.

Key fact

- There are 1.3 million memberships in the top 100 DC trust schemes.

Chart 6.4
Number of members by governance structure and benefit type

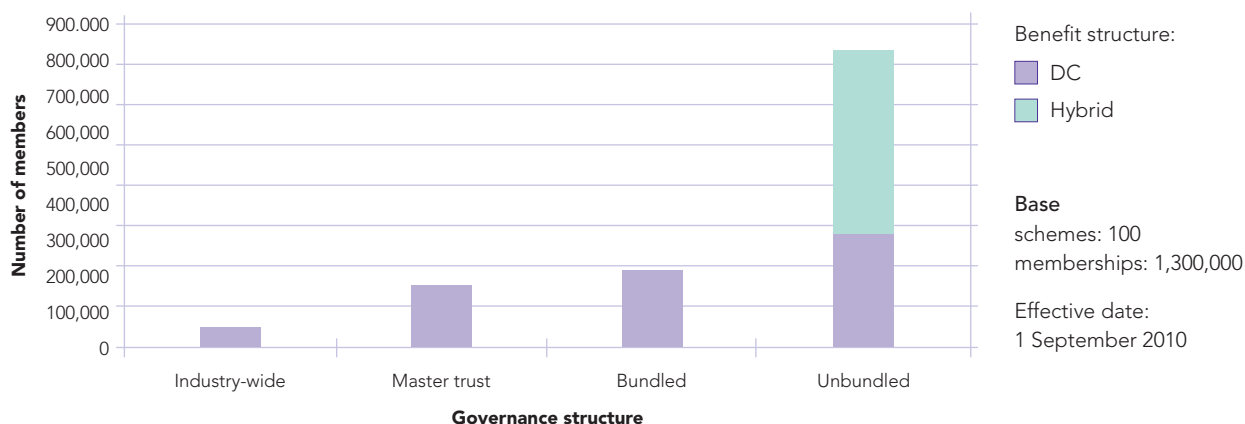


Chart 6.4 above shows the number of memberships split by governance structure. The vast majority of memberships are in unbundled schemes (65%) and of the remainder, the majority are in bundled schemes. There are around 215,000 memberships of Master trusts, of which just over 43,000 are in industry-specific Master trusts.

Key fact

- 70% of memberships are in unbundled schemes.

Appendix 1

Table data to accompany charts

Section 1: Schemes

Table 1.1

Total number of schemes (year-on-year) by benefit type

Year	Defined contribution (DC)	Hybrid
1997	10,960	910
1998	10,030	940
1999	9,200	960
2000	8,510	990
2001	8,030	1,010
2002	7,380	1,030
2003	6,739	1,040
2004	6,050	1,060
2005	5,310	1,070
2006	4,550	1,070
2007	4,000	1,080
2008	3,550	1,060
2009	3,210	1,050
2010	3,090	1,050

Table 1.2

Number of schemes by size and benefit type

	12-99	100-999	1,000-4,999	5,000-9,999	10,000+
Defined contribution (DC)	2,230	670	150	30	20
Hybrid	130	520	300	80	110

Table 1.3

Number of schemes by status and benefit type

	Open	Closed	Paid up (frozen)	Winding up
Defined contribution (DC)	1,540	540	660	350
Hybrid	640	300	130	70

NB: Scheme figures rounded to 10, member figures rounded to 100

Table 1.4
Number of schemes by year established and benefit type

Year established	Defined contribution (DC)	Hybrid
1988	3,390	60
1989	1,120	30
1990	440	30
1991	700	30
1992	530	20
1993	370	30
1994	420	30
1995	360	20
1996	310	20
1997	330	40
1998	140	30
1999	150	20
2000	190	30
2001	290	30
2002	150	20
2003	130	20
2004	80	10
2005	250	10
2006	20	10
2007	20	10
2008	20	10
2009	10	10

Table 1.5
Number of schemes by year wound up

Status year	Number of schemes
1997	740
1998	1,070
1999	970
2000	880
2001	770
2002	800
2003	780
2004	770
2005	990
2006	780
2007	570
2008	460
2009	350

Table 1.6
Number of schemes by year that entered wind-up and current status

Wind-up start year	Status	
	Winding up	Wound up
	No. of schemes	No. of schemes
1997	10	40
1998	10	10
1999	20	50
2000	20	30
2001	20	50
2002	10	30
2003	30	60
2004	20	60
2005	20	70
2006	40	210
2007	20	130
2008	30	140
2009	50	80

Table 1.7
Number of schemes by governance structure and benefit type

	Industry-wide	Master trust	Bundled	Unbundled
Defined contribution (DC)	20	40	1,610	1,090
Hybrid	–	–	–	1,080

NB: Scheme figures rounded to 10, member figures rounded to 100

Section 2: Memberships

Table 2.1

Number of members by status and benefit type

	Open	Closed	Paid up (frozen)	Winding up
Defined contribution (DC)	957,200	232,800	69,900	99,600
Hybrid	771,800	197,200	35,400	23,500

Table 2.2

Number of members by size and benefit type

	12-99	100-999	1,000-4,999	5,000-9,999	10,000+
Defined contribution (DC)	72,100	216,900	310,700	181,600	578,200
Hybrid	3,100	82,700	230,400	139,800	571,800

Table 2.3

Number of members by governance structure and benefit type

	Industry-wide	Master trust	Bundled	Unbundled
Defined contribution (DC)	55,400	196,800	351,600	668,100
Hybrid	–	–	–	1,005,100

Table 2.4

Number of active members by size and benefit type

	12-99	100-999	1,000-4,999	5,000-9,999	10,000+
Defined contribution (DC)	18,800	80,000	130,400	88,200	220,400
Hybrid	600	34,300	114,100	67,900	263,100

Table 2.5

Number of deferred members by size and benefit type

	12-99	100-999	1,000-4,999	5,000-9,999	10,000+
Defined contribution (DC)	44,000	128,300	176,200	90,000	337,400
Hybrid	2,300	46,400	114,200	70,200	289,200

Table 2.6

Number of members aged 50 to 59 by status

Open	Closed	Paid up (frozen)	Winding up
153,100	38,800	14,000	13,200

Table 2.7

Number of members aged 60 or above by status

Open	Closed	Paid up (frozen)	Winding up
37,000	9,000	4,500	5,700

NB: Scheme figures rounded to 10, member figures rounded to 100

Section 3: Contributions

Table 3.1

Average annual contributions per active member by scheme size

£s	12-99	100-999	1,000-4,999	5,000-9,999	10,000+
Employee	1,400	1,600	1,200	900	600
Employer	2,500	3,800	3,200	3,400	2,700

Table 3.2

Total annual contributions by scheme size

£s	12-99	100-999	1,000-4,999	5,000-9,999	10,000+
Employee	22,703,000	123,801,000	144,233,000	84,314,000	122,375,000
Employer	45,678,000	307,070,000	406,329,000	303,132,000	561,057,000

Table 3.3

Average annual contributions per active member by governance structure

	Industry-wide	Master trust	Bundled	Unbundled
Employee	1,200	1,100	500	1,200
Employer	1,200	3,100	2,100	3,700

Table 3.4

Total annual contributions by governance structure

	Industry-wide	Master trust	Bundled	Unbundled
Employee	12,178,000	4,774,000	72,046,000	330,699,000
Employer	20,712,000	157,664,000	283,911,000	1,069,328,000

NB: Scheme figures rounded to 10, member figures rounded to 100

Section 4: Employers

Table 4.1

Number of employers by status and benefit type

	Open	Closed	Paid up (frozen)	Winding up
Defined contribution (DC)	73,650	2,590	800	520
Hybrid	2,370	850	220	70

Table 4.2

Number of employers by size and benefit type

	12-99	100-999	1,000-4,999	5,000-9,999	10,000+
Defined contribution (DC)	2,790	1,890	7,950	700	64,230
Hybrid	170	1,180	1,000	330	830

Table 4.3

Number of employers by governance structure and benefit type

	Industry-wide	Master trust	Bundled	Unbundled
Defined contribution (DC)	1,530	60,730	7,950	7,070
Hybrid	–	–	–	3,430

NB: Scheme figures rounded to 10, member figures rounded to 100

Section 5: Small schemes

Table 5.1

Number of schemes by status and benefit type

	Open	Closed	Paid up (frozen)	Winding up
Defined contribution (DC)	33,060	3,500	4,660	1,660
Hybrid	30	10	10	--

-- Indicates figures have been removed as they are disclosive

Table 5.2

Number of members by status and benefit type

	Open	Closed	Paid up (frozen)	Winding up
Defined contribution (DC)	92,100	10,800	14,300	5,240
Hybrid	90	50	40	20

Table 5.3

Number of schemes by year established and benefit type

Year established	Defined contribution (DC)	Hybrid
1997	3,460	--
1998	3,010	--
1999	2,380	--
2000	2,360	--
2001	2,150	--
2002	1,820	--
2003	1,700	--
2004	1,360	--
2005	1,160	--
2006	720	--
2007	520	--
2008	570	--
2009	560	--

-- Indicates figures have been removed as they are disclosive

Table 5.4

Number of schemes by year wound up and benefit type

Status year	Defined contribution (DC)	Hybrid
1997	6,940	--
1998	5,090	--
1999	5,060	--
2000	4,990	--
2001	5,220	--
2002	4,710	--
2003	4,980	--
2004	4,550	--
2005	3,940	--
2006	5,090	--
2007	3,510	--
2008	3,640	10
2009	2,170	10

-- Indicates figures have been removed as they are disclosive

NB: Scheme figures rounded to 10, member figures rounded to 100

Section 6: Large schemes

Table 6.1

Number of schemes by status and benefit type

	Open	Closed	Paid up (frozen)	Winding up
Defined contribution (DC)	40	10	--	--
Hybrid	30	10	--	--

-- Indicates figures have been removed as they are disclosive

Table 6.2

Number of schemes by governance structure and benefit type

	Industry-wide	Master trust	Bundled	Unbundled
Defined contribution (DC)	--	--	10	40
Hybrid	--	--	--	50

-- Indicates figures have been removed as they are disclosive

Table 6.3

Number of members by status and benefit type

	Open	Closed	Paid up (frozen)	Winding up
Defined contribution (DC)	570,900	167,600	15,600	42,300
Hybrid	408,900	88,500	7,300	16,600

Table 6.4

Number of members by governance structure and benefit type

	Industry-wide	Master trust	Bundled	Unbundled
Defined contribution (DC)	43,800	171,900	218,200	316,000
Hybrid	--	--	--	504,700

NB: Scheme figures rounded to 10, member figures rounded to 100

Section 7: Effective date information

Table 7.1

Membership information effective dates for 12+ member schemes (by schemes)

Quarter	Benefit structure	
	Defined contribution (DC)	Hybrid
2008 Q1	60	--
2008 Q2	110	40
2008 Q3	60	30
2008 Q4	100	140
2009 Q1	400	340
2009 Q2	500	350
2009 Q3	300	70
2009 Q4	400	130
2010 Q1	900	30
2010 Q2	10	--
2010 Q3	--	--

Table 7.2

Membership information effective dates for 12+ member schemes (by members)

Quarter	Benefit structure	
	Defined contribution (DC)	Hybrid
2008 Q1	6,000	24,300
2008 Q2	14,900	19,700
2008 Q3	2,300	4,800
2008 Q4	23,000	139,200
2009 Q1	141,400	300,600
2009 Q2	393,300	231,800
2009 Q3	86,800	86,900
2009 Q4	382,400	169,000
2010 Q1	286,300	38,200
2010 Q2	1,800	300
2010 Q3	7,100	--

Table 7.3

Membership information effective dates for small schemes (by schemes)

Quarter	Benefit structure	
	Defined contribution (DC)	Hybrid
2008 Q1	6,300	--
2008 Q2	2,050	--
2008 Q3	1,030	--
2008 Q4	1,290	--
2009 Q1	4,030	20
2009 Q2	2,530	--
2009 Q3	960	--
2009 Q4	1,320	10
2010 Q1	3,740	10
2010 Q2	240	--
2010 Q3	60	--

-- Indicates figures have been removed as they are disclosive

Table 7.4

Membership information effective dates for small schemes (by members)

Quarter	Benefit structure	
	Defined contribution (DC)	Hybrid
2008 Q1	15,700	--
2008 Q2	6,800	--
2008 Q3	3,300	--
2008 Q4	4,300	--
2009 Q1	13,400	100
2009 Q2	9,100	--
2009 Q3	3,400	--
2009 Q4	4,900	--
2010 Q1	14,200	100
2010 Q2	600	--
2010 Q3	200	--

-- Indicates figures have been removed as they are disclosive

NB: Scheme figures rounded to 10, member figures rounded to 100

Section 7: Effective date information continued

Table 7.5

Contribution information
effective dates for 12+ member
schemes (by schemes)

Quarter	Schemes
2008 Q1	50
2008 Q2	30
2008 Q3	10
2008 Q4	70
2009 Q1	220
2009 Q2	360
2009 Q3	180
2009 Q4	290
2010 Q1	380
2010 Q2	170
2010 Q3	30

Table 7.6

Contribution information
effective dates for 12+ member
schemes (by members)

Quarter	Schemes
2008 Q1	11,80
2008 Q2	8,400
2008 Q3	800
2008 Q4	32,300
2009 Q1	126,200
2009 Q2	271,000
2009 Q3	67,200
2009 Q4	333,600
2010 Q1	132,600
2010 Q2	60,200
2010 Q3	700

NB: Scheme figures rounded to 10, member figures rounded to 100

Appendix 2

List of charts and tables

List of charts

Section 1: Schemes

1.1	Total number of schemes (year-on-year) by benefit type	page 8
1.2	Number of schemes by size and benefit type	page 9
1.3	Number of schemes by status and benefit type	page 10
1.4	Number of schemes by year established and benefit type	page 11
1.5	Number of schemes by year wound up	page 12
1.6	Number of schemes by year that entered wind-up and current status	page 13
1.7	Number of schemes by governance structure and benefit type	page 14

Section 2: Members

2.1	Number of members by status and benefit type	page 16
2.2	Number of members by size and benefit type	page 17
2.3	Number of members by governance structure and benefit type	page 17
2.4	Number of active members by size and benefit type	page 18
2.5	Number of deferred members by size and benefit type	page 19
2.6	Number of members aged 50 to 59 by status	page 20
2.7	Number of members aged 60 or above by status	page 21

Section 3: Contributions

3.1	Average annual contributions per active member by scheme size	page 23
3.2	Total annual contributions by scheme size	page 24
3.3	Average annual contributions per active member by governance structure	page 25
3.4	Total annual contributions by governance structure	page 26

Section 4: Employers

4.1	Number of employers by status and benefit type	page 28
4.2	Number of employers by size and benefit type	page 29
4.3	Number of employers by governance structure and benefit type	page 29

Section 5: Small schemes

5.1	Number of schemes by status and benefit type	page 31
5.2	Number of members by status and benefit type	page 32
5.3	Number of schemes by year established and benefit type	page 32
5.4	Number of schemes by year wound up and benefit type	page 33

Section 6: Large schemes

6.1	Number of schemes by status and benefit type	page 35
6.2	Number of schemes by governance structure and benefit type	page 36
6.3	Number of members by status and benefit type	page 36
6.4	Number of members by governance structure and benefit type	page 37

List of tables

Table A	The private pension landscape	page 3
Table B	Descriptions of scheme status	page 10
Table C	Descriptions of governance structure	page 14
Table D	Descriptions of member status	page 18

List of tables in Appendix 1

Section 1: Schemes

1.1	Total number of schemes (year-on-year) by benefit type	page 39
1.2	Number of schemes by size and benefit type	page 39
1.3	Number of schemes by status and benefit type	page 39
1.4	Number of schemes by year established and benefit type	page 40
1.5	Number of schemes by year wound up	page 40
1.6	Number of schemes by year that entered wind-up and current status	page 40
1.7	Number of schemes by governance structure and benefit type	page 40

Section 2: Members

2.1	Number of members by status and benefit type	page 41
2.2	Number of members by size and benefit type	page 41
2.3	Number of members by governance structure and benefit type	page 41
2.4	Number of active members by size and benefit type	page 41
2.5	Number of deferred members by size and benefit type	page 41
2.6	Number of members aged 50 to 59 by status	page 41
2.7	Number of members aged 60 or above by status	page 41

Section 3: Contributions

3.1	Average annual contributions per active member by scheme size	page 42
3.2	Total annual contributions by scheme size	page 42
3.3	Average annual contributions per active member by governance structure	page 42
3.4	Total annual contributions by governance structure	page 42

Section 4: Employers

4.1	Number of employers by status and benefit type	page 43
4.2	Number of employers by size and benefit type	page 43
4.3	Number of employers by governance structure and benefit type	page 43

Section 5: Small schemes

5.1	Number of schemes by status and benefit type	page 44
5.2	Number of members by status and benefit type	page 44
5.3	Number of schemes by year established and benefit type	page 44
5.4	Number of schemes by year wound up and benefit type	page 44

Section 6: Large schemes

6.1	Number of schemes by status and benefit type	page 45
6.2	Number of schemes by governance structure and benefit type	page 45
6.3	Number of members by status and benefit type	page 45
6.4	Number of members by governance structure and benefit type	page 45

Section 7: Effective date information

7.1	Membership information effective dates for 12+ member schemes (by schemes)	page 46
7.2	Membership information effective dates for 12+ member schemes (by members)	page 46
7.3	Membership information effective dates for small schemes (by schemes)	page 46
7.4	Membership information effective dates for small schemes (by members)	page 46
7.5	Contribution information effective dates for 12+ member schemes (by schemes)	page 47
7.6	Contribution information effective dates for 12+ member schemes (by members)	page 47

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DC trust: A presentation of scheme return data

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