

# 3

## Scheme Demographics

### 3.1 Summary

- The proportion of open schemes continues to fall, from 18 per cent in 2010 to 16 per cent in 2011.
- Schemes closed to new members were in the majority in all size bands.
- 31 per cent of the memberships are in schemes which are open.
- Whilst 24 per cent of schemes are closed to future accrual, six per cent of memberships fall into that category.
- The proportion of schemes whose principal sponsor is in the manufacturing sector continues to fall whilst the proportion of schemes whose principal sponsor is in the services sector continues to increase.

### 3.2 Introduction

In this chapter the composition of the dataset used for this year's Purple Book is described. Figures for the total numbers 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 has been 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 these are 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 for 2008 and 2009 the original Purple datasets were much larger and the increased coverage made only a small difference. The dataset for 2010 was a little larger than that for 2009 and 2008. Accordingly, comparisons are made with previous publications as follows:

- **Purple 2006** - extended dataset;
- **Purple 2007** - extended dataset;
- **Purple 2008** - original dataset;
- **Purple 2009** - original dataset, and;
- **Purple 2010** - original dataset.

Where figures are not available in charts please refer to the Chapter 3 Appendix (page 107)

### 3.3 Scheme Status

Scheme status in this Purple Book is split between:

- open schemes, where new members can join the 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; and
- 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.

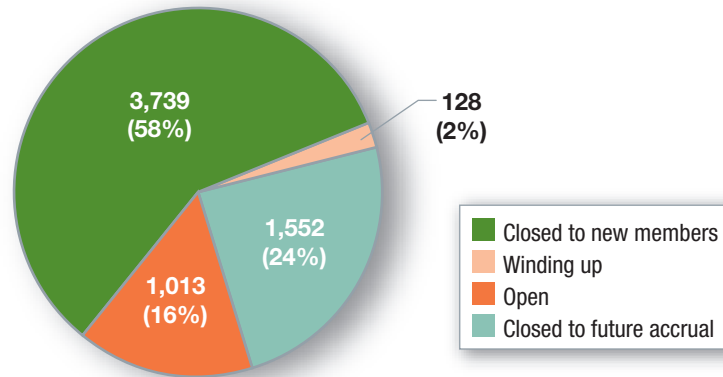
This has been handled differently across different editions of the Purple Book. In Purple 2006, 40 per cent of memberships were in the open category and 25 per cent were categorised as 'part open'. It was noted that the 'part open' category included a significant number of hybrids for which the DB element 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 return and since Purple 2010 we are able to adjust hybrid statuses to 'closed' where DB provision is not available to new members. A total of 527 open hybrids had their status adjusted to 'closed' covering approximately 1.7 million members.

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.

The population of open schemes continues to fall.

**Chart 3.1** | Distribution of schemes by status



Source: PPF / The Pensions Regulator

**Table 3.1** | Distribution of schemes by status\*

Percentage of schemes	Extended Purple 2006	Extended Purple 2007	Purple 2008	Purple 2009	Purple 2010	Purple 2011
Open (plus part open in 2006)	43%	36%	31%	27%	18%	16%
Closed to new members	44%	45%	50%	52%	58%	58%
Closed to future accruals	12%	16%	17%	19%	21%	24%
Winding up	1%	2%	2%	2%	2%	2%
Total	100%	100%	100%	100%	100%	100%

Source: PPF / The Pensions Regulator

\*Note that the handling of “part-open” and hybrid schemes as detailed above should be taken into account when comparing figures.

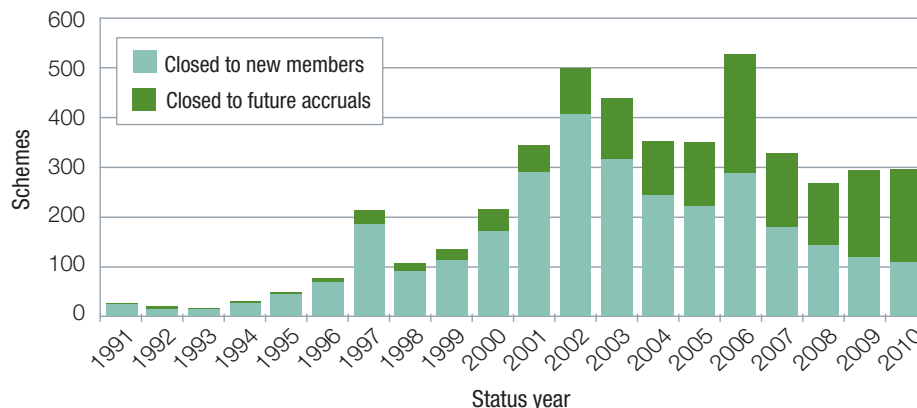
Exclusion of hybrids does not alter the direction of trends in the proportion of schemes by status.

**Table 3.2** | Distribution of schemes by status (excluding hybrid schemes)

Percentage of schemes	Extended Purple 2006	Extended Purple 2007	Purple 2008	Purple 2009	Purple 2010	Purple 2011
Open (plus part open in 2006)	35%	33%	26%	22%	21%	18%
Closed to new members	49%	49%	52%	55%	54%	54%
Closed to future accruals	15%	17%	19%	20%	23%	26%
Winding up	1%	1%	3%	3%	2%	2%
Total	100%	100%	100%	100%	100%	100%

Source: PPF / The Pensions Regulator

**Chart 3.2 | Number of schemes entering closed status by year\***

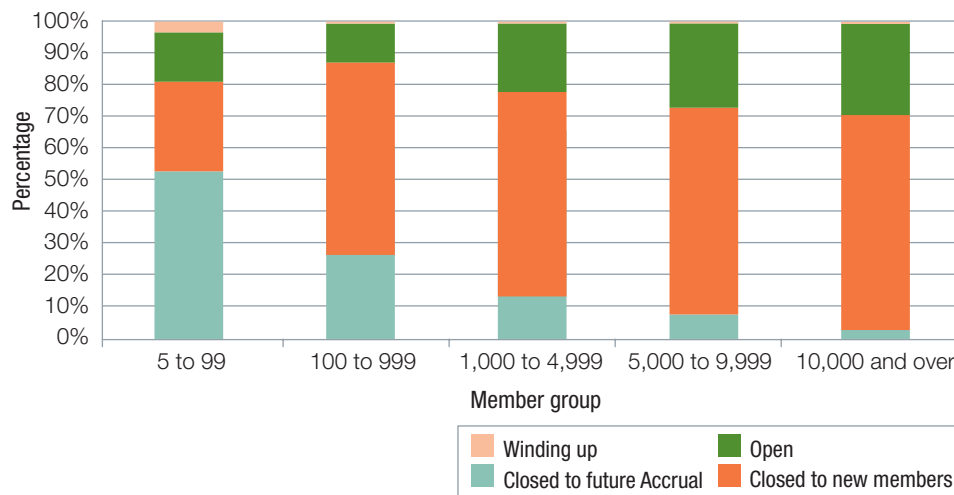


Source: PPF / The Pensions Regulator

\*Hybrid schemes where the status has been amended to closed as described in Section 3.3 have been excluded from this chart since the year of the status change is not available. Figures show the years in which closed and closed to future accrual schemes in this year's data set entered that status

This chart shows the number of schemes in the 2011 dataset with closed to new member and closed to future accrual status broken down by the year in which they entered that status

**Chart 3.3 | Scheme status by member group\***



Source: PPF / The Pensions Regulator

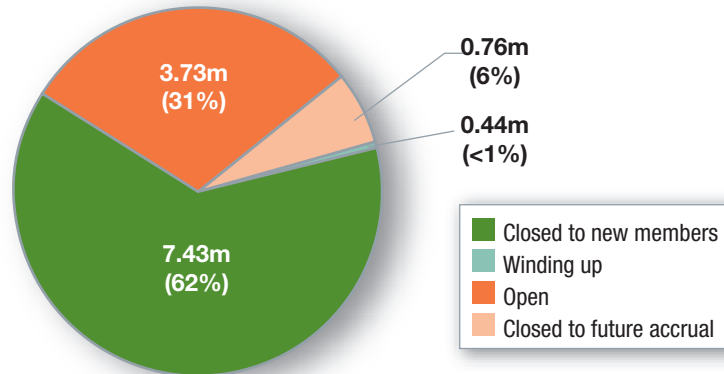
\* A small number of schemes with fewer than five members are in the dataset (77). These are mostly independently registered sections or schemes which appeared in previous Purple datasets.

Schemes closed to new members were in the majority in all size bands.

31% of the memberships are in schemes which are open.

### 3.4 Scheme status and scheme membership

**Chart 3.4** | Percentage distribution of memberships by scheme status



Source: PPF / The Pensions Regulator

Whilst 24 per cent of schemes are closed to future accrual, 6% of memberships fall into that category

**Table 3.3** | Distribution of membership by status

Percentage of schemes	Extended Purple 2006	Extended Purple 2007	Purple 2008	Purple 2009	Purple 2010	Purple 2011
Open (plus part open in 2006)	66%	50%	44%	37%	34%	31%
Closed to new members	32%	46%	52%	59%	60%	62%
Closed to future accruals	2%	3%	4%	4%	5%	6%
Winding up	1%	0%	0%	0%	1%	0%
Total	100%	100%	100%	100%	100%	100%

Source: PPF / The Pensions Regulator

**Table 3.4** | Distribution of membership by status (excluding hybrid schemes)

Percentage of schemes	Extended Purple 2006	Extended Purple 2007	Purple 2008	Purple 2009	Purple 2010	Purple 2011
Open (plus part open in 2006)	64%	55%	46%	38%	38%	34%
Closed to new members	34%	41%	49%	57%	56%	58%
Closed to future accruals	2%	3%	4%	5%	6%	8%
Winding up	0%	0%	0%	0%	1%	0%
Total	100%	100%	100%	100%	100%	100%

Source: PPF / The Pensions Regulator

### 3.4 Scheme membership

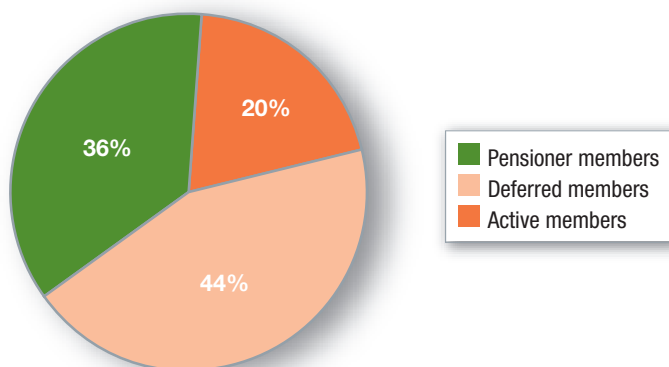
**Table 3.5** | Membership by membership type and status, 31 March 2011\*

	Open	Closed	Closed to future accrual	Winding Up	Total
Active members (millions)	1.08	1.23	n/a	n/a	2.31
Deferred members (millions)	1.40	3.39	0.48	0.02	5.29
Pensioner members (millions)	1.25	2.81	0.28	0.02	4.36
Total	3.73	7.43	0.76	0.04	11.96

Source: PPF / The Pensions Regulator

\* 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. Totals may not, therefore, match figures calculated from the figure given for total members. Where members are listed as active in the information provided by closed schemes they are assumed to be deferred members.

**Chart 3.5** | Distribution of member types in the Purple 2011 dataset

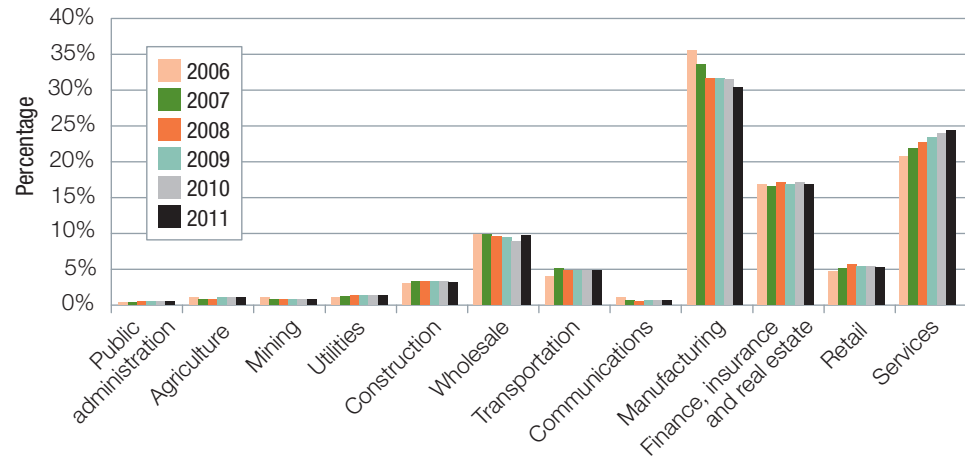


Source: PPF / The Pensions Regulator

The chart shows the proportions of members by type of membership in the 2011 dataset. An individual is likely to have only one active membership whilst several deferred memberships may belong to one individual.

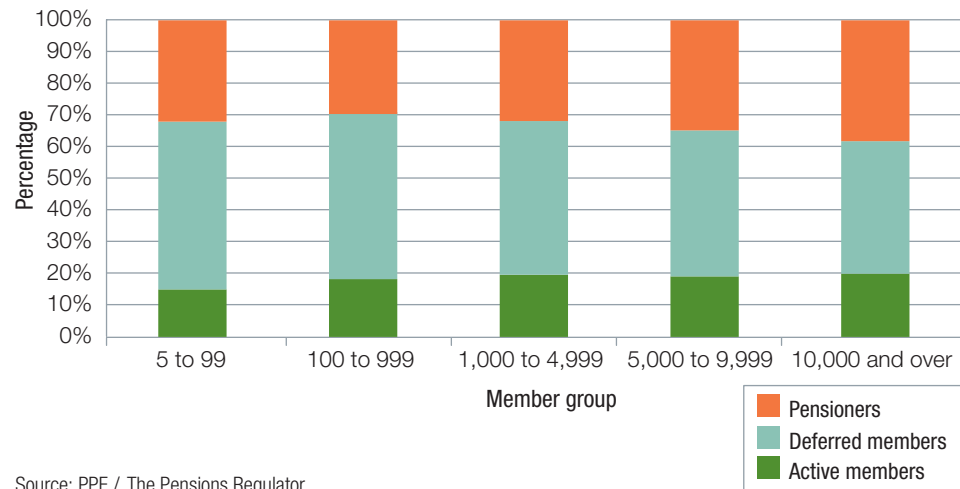
The proportion of schemes whose principal sponsor is in the manufacturing sector continues to fall whilst the proportion of schemes whose principal sponsor is in the services sector continues to increase.

**Chart 3.6 |** Proportion of schemes by industry classification



Source: PPF / The Pensions Regulator

**Chart 3.7 |** Distribution of member types by member group in the Purple 2011 dataset



Source: PPF / The Pensions Regulator