

# The DB landscape

Defined benefit pensions 2019

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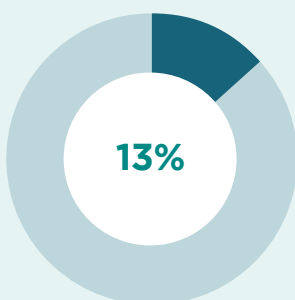
## Introduction

Welcome to the fourth edition of the DB landscape publication, TPR's annual report on the defined benefit (DB) pension schemes that we regulate. We have taken this information from the pension schemes register on 31 March 2019 and included DB and hybrid occupational schemes with more than one member. Our publication differs from the Pension Protection Fund (PPF)'s Purple Book as their data includes only those DB schemes eligible for the lifeboat fund.

We present the data in a variety of ways, including by membership, by scheme status and employer type. You can also find information on public service schemes, indexation and scheme funding valuations that meet the requirements of Part 3 of the Pensions Act 2004.

For information on the defined contribution (DC) landscape, you can read our DC trust publication at: [www.tpr.gov.uk/dc-trust](http://www.tpr.gov.uk/dc-trust).

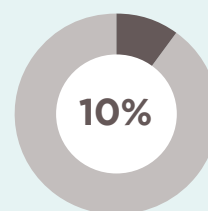
## Illustrated summary



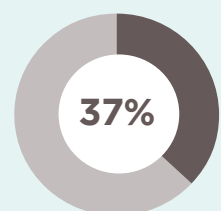
**13%** of DB/hybrid schemes remain open to new members



**52%** of memberships are in schemes which are closed to new members



The private sector has **10%** active memberships compared with **37%** of those in public service schemes



## How we collect scheme information

All pension schemes in the UK with two or more memberships are required to register with us. At the point of registration, they need to provide us with:

- their scheme name and contact details
- their scheme status
- membership information
- details about the relevant employer(s), trustees and service providers

We also send the trustees a document called a scheme return, which they are legally required to complete. In addition to basic scheme information, trustees also need to answer questions on investment choices, requested transfers and, in the case of DB schemes with DC benefits, questions on charge controls and the chair's statement.

Depending on the size of the scheme, trustees are sent a scheme return at least every three years, with larger schemes required to complete one annually.

## Scheme status and memberships

Scheme status in this report is split between:

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

Where schemes provide both DB and DC benefits, it is often the case that it is no longer possible to join as a member accruing defined benefits. In these cases we have adjusted the status to CTNM. 132 schemes had their status changed in this way, encompassing around 633,000 memberships.

Where such schemes have no active DB accruing memberships, the status is adjusted to CTFA. 186 schemes had their status adjusted in this way, which in total contained around 492,000 memberships.

Statuses are taken to be as submitted by the scheme.

## Schemes by status

Figure 1: Distribution of schemes by status

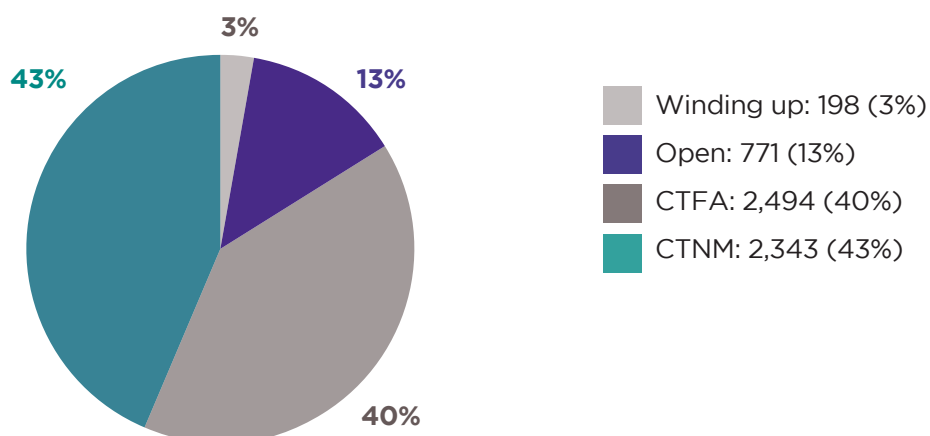


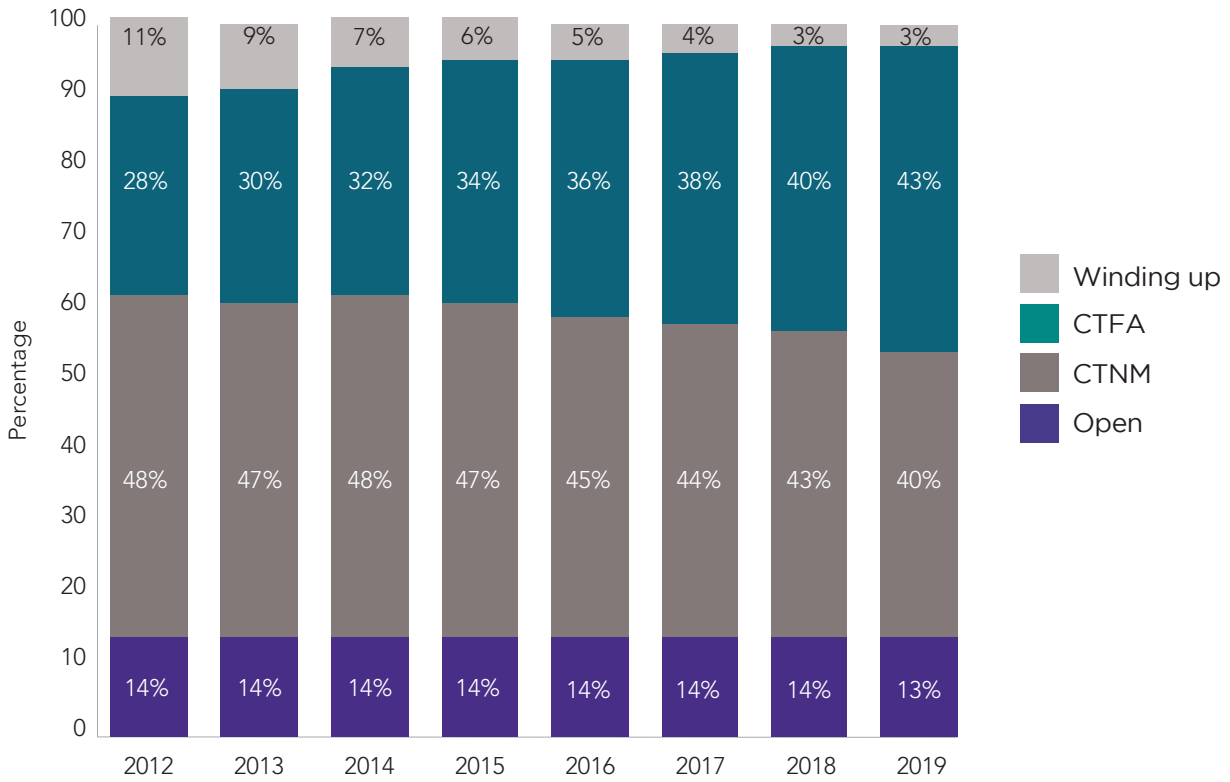
Table 1: Scheme status by year

Status	2010 %	2011 %	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %	2018 %	2019 %
Open	17	15	14	15	14	15	15	14	14	13
CTNM	48	47	48	47	48	47	45	44	43	40
CTFA	22	25	27	29	32	33	35	38	40	43
Winding up	13	13	11	9	7	6	5	4	3	3

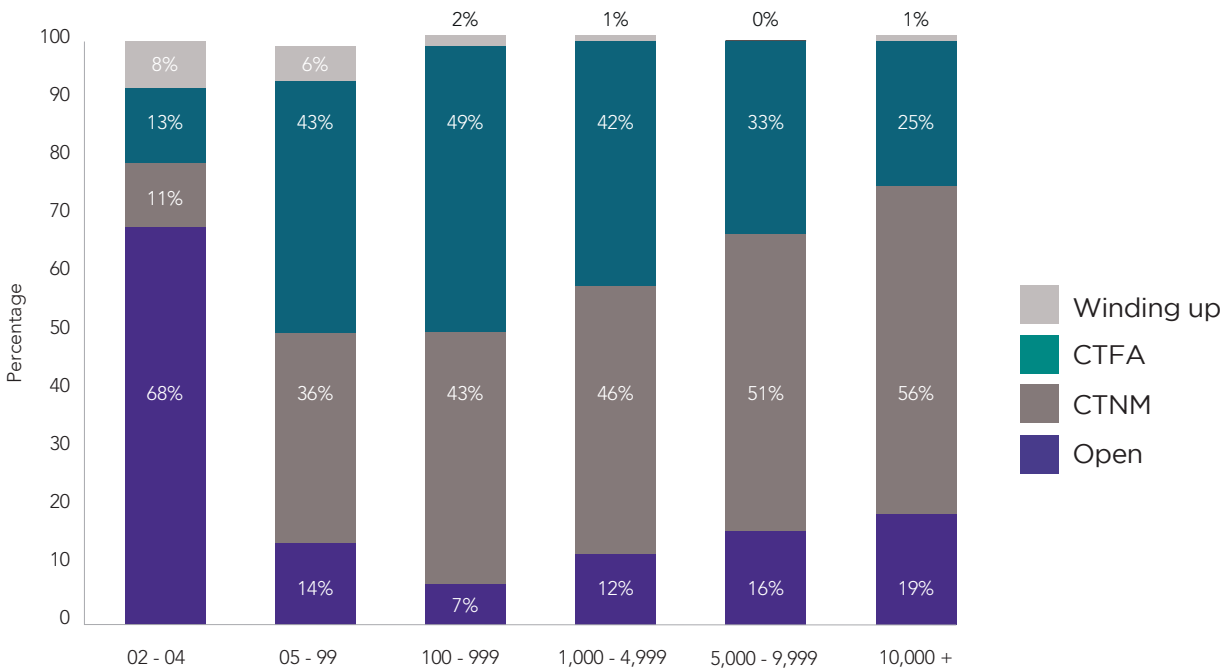
Table 2: Scheme status by year excluding schemes offering DB and DC benefits

Status	2010 %	2011 %	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %	2018 %	2019 %
Open	18	17	16	16	15	15	15	15	15	14
CTNM	46	45	46	46	46	45	44	42	41	39
CTFA	21	24	27	29	32	33	35	38	40	43
Winding up	15	14	12	9	7	6	5	5	4	4

**Figure 2: Schemes by status and year**



**Figure 3: Scheme status by member group**



## Membership by status

Figure 4: Percentage distribution of members by scheme status

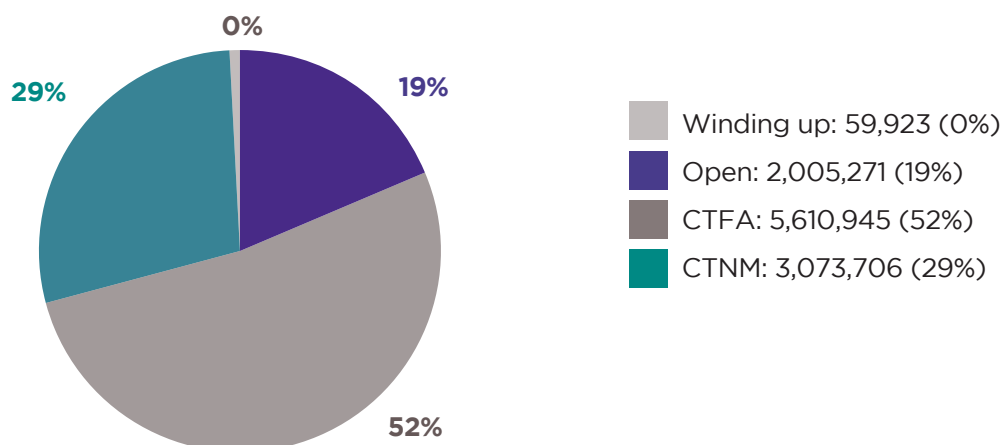


Table 3: Proportion of memberships by status and year

Status	2010 %	2011 %	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %	2018 %	2019 %
Open	35	28	25	22	22	21	19	19	19	19
CTNM	57	62	63	61	60	58	60	56	55	52
CTFA	6	8	10	15	17	19	20	23	25	29
Winding up	2	2	2	2	2	1	2	1	1	1

Table 4: Memberships by type and status

Status	Active	Deferred	Pensioner
Open	574,955	770,224	660,092
CTNM	483,909	2,557,176	2,544,595
CTFA	0	1,781,669	1,292,034
Winding up	0	27,459	32,464



## Membership by size

**Table 8: Membership by size**

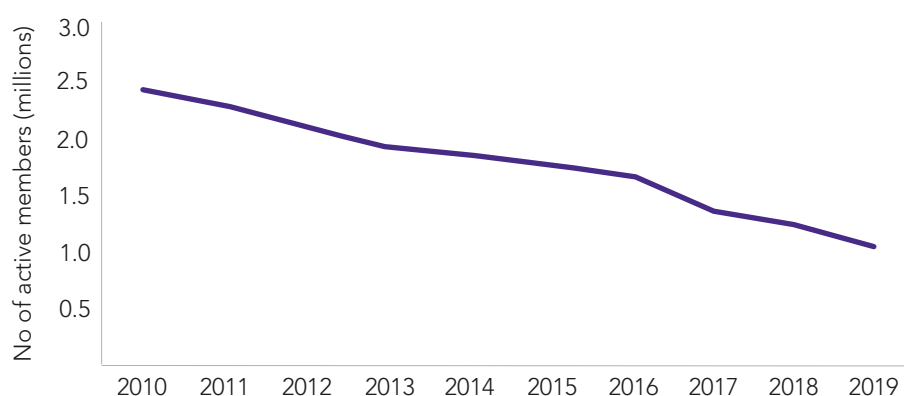
Memberships	Active	Deferred	Pensioner
2-5	325	152	141
5-99	5,767	41,022	42,093
100-999	54,482	438,486	359,514
1,000-4,999	136,044	850,233	715,932
5,000-9,999	112,335	550,362	515,973
10,000+	749,911	3,256,273	2,895,532
All	1,058,864	5,136,528	4,529,185

## Active memberships by year

**Table 9: Active memberships by year**

Active memberships				
2010	2011	2012	2013	2014
2,421,255	2,284,918	2,091,143	1,922,891	1,842,083
2015	2016	2017	2018	2019
1,778,001	1,650,491	1,330,126	1,227,192	1,058,864

**Figure 5: Active memberships by year**



## Schemes by principal employer type

**Table 9: Proportion of schemes by status and principal employer type**

<b>% by status</b>	<b>Open</b>	<b>CTNM</b>	<b>CTFA</b>	<b>Winding up</b>	<b>All</b>
College or education institution	31	37	31	0	100
Government/public body	25	13	63	0	100
Limited liability partnership	1	38	56	6	100
Other	16	44	39	2	100
Overseas company	0	40	51	9	100
Partnership	4	44	42	9	100
Private limited company	9	40	49	2	100
Public limited company	6	49	43	3	100
Registered charity	6	40	52	2	100
Sole trader	17	50	33	0	100

**Table 10: Proportion of memberships by status and principal employer**

<b>% by status</b>	<b>Open</b>	<b>CTNM</b>	<b>CTFA</b>	<b>Winding up</b>	<b>All</b>
College or education institution	71	26	4	0	100
Government/public body	10	1	89	0	100
Limited liability partnership	0	41	59	0	100
Other	16	55	28	1	100
Overseas company	0	24	63	13	100
Partnership	0	33	66	1	100
Private limited company	17	48	35	0	100
Public limited company	11	54	35	1	100
Registered charity	27	35	38	1	100
Sole trader	1	91	8	0	100

**Table 11: Schemes - percentage of status by employer type**

<b>% by employer type</b>	<b>Open</b>	<b>CTNM</b>	<b>CTFA</b>	<b>Winding up</b>
College or education institution	4	1	1	0
Government/public body	0	0	0	0
Limited liability partnership	0	1	2	4
Other	16	10	8	8
Overseas company	0	1	1	3
Partnership	0	1	1	4
Private limited company	71	70	74	64
Public limited company	6	11	8	11
Registered charity	3	5	6	5
Sole trader	0	0	0	0
All	100	100	100	100

**Table 12: Memberships – percentage of status by employer type**

<b>% by employer type</b>	<b>Open</b>	<b>CTNM</b>	<b>CTFA</b>	<b>Winding up</b>
College or education institution	8	1	0	-
Government/public body	0	0	1	-
Limited liability partnership	0	1	1	0
Other	8	9	6	6
Overseas company	-	0	0	5
Partnership	0	0	0	0
Private limited company	55	49	52	36
Public limited company	25	39	36	51
Registered charity	3	1	2	1
Sole trader	0	0	0	0
All	100	100	100	100

## Scheme funding

These funding figures represent the schemes' Part 3 funding valuations on a common date of end March 2019. A funding valuation is a calculation made by an actuary of the assets needed for the scheme to meet the statutory funding objective. These include pensions in payment (including those payable to survivors of former members) and benefits accrued by other members and beneficiaries, which will become payable in the future.

We have processed the figures so they are 'rolled forward' to a common date. The 'roll forward' model is designed to estimate individual scheme specific data from different dates (eg scheme specific date of actuarial valuations) to a single date for all schemes.

The model estimates changes in the amounts of liabilities for individual schemes between their latest valuation date (as reported by the trustees in their scheme return) and a common date by tracking changes in fixed interest and index linked gilt yields. It also measures corresponding changes in asset positions by tracking the performance of the relevant indices (based on the asset allocations as reported by the trustees in their scheme return).

The model simply tracks the effect of changed market conditions between these two dates on a consistent basis for all schemes. It does not consider any other changes to a scheme's asset and liability profile due to scheme experience, benefit changes, post valuation benefit accrual, demographic changes, curtailments, settlements, changes in asset strategy, scheme specific investment performance, contingent assets, or covenant support.

## Overview of Part 3 funding

Table 13: All valuations

Status	Assets (bn)	Liabilities (bn)	Balance (Part 3) (bn)
Open	289.62	317.28	-27.66
CTNM	987.18	1,075.10	-87.91
CTFA	424.15	467.82	-43.67
Total	1,700.95	1,860.20	-159.24

## Schemes in deficit

Table 14: Schemes in deficit

Status	Assets (bn)	Liabilities (bn)	Balance (Part 3) (bn)
Open	215.61	246.48	-30.87
CTNM	765.87	867.75	-101.88
CTFA	349.80	398.12	-48.32
Total	1,331.27	1,512.34	-181.07

## Schemes in surplus

Table 15: Schemes in surplus

Status	Assets (bn)	Liabilities (bn)	Balance (Part 3) (bn)
Open	74.01	70.80	3.21
CTNM	221.32	207.35	13.97
CTFA	74.35	69.70	4.65
Total	369.68	347.85	21.83

## Funding by status

Figure 7: Part 3 funding by status

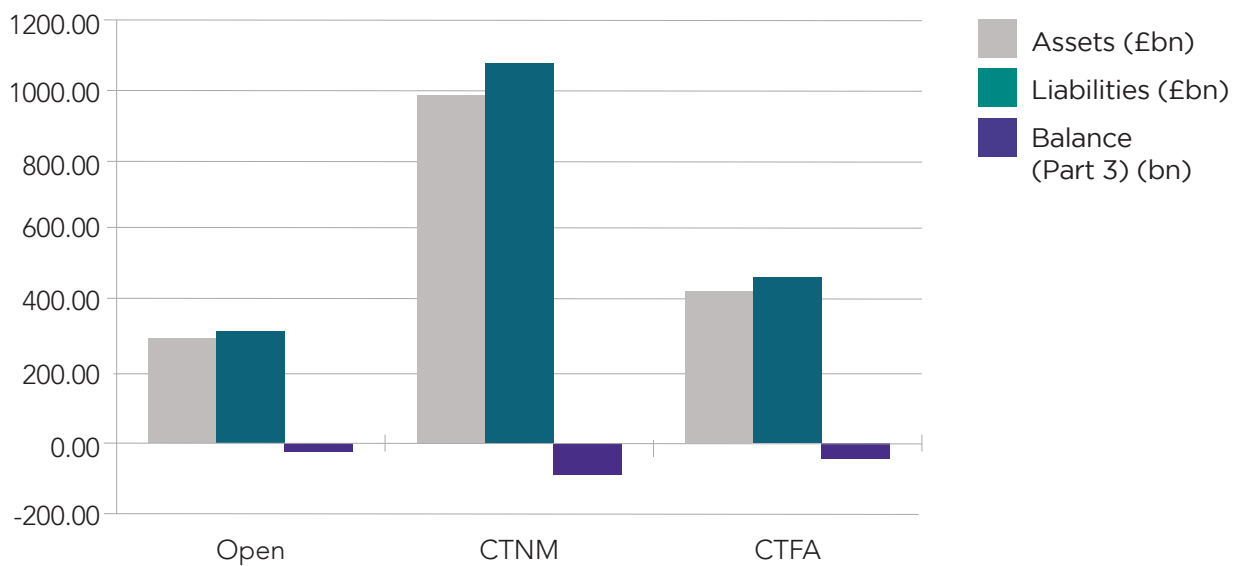


Table 16: Schemes by funding and status

Schemes	Funding level				
	0<50%	50-75%	75-100%	>100%	No info
Open	-	46	389	166	169
CTNM	15	257	1,534	513	24
CTFA	34	386	1,576	468	30

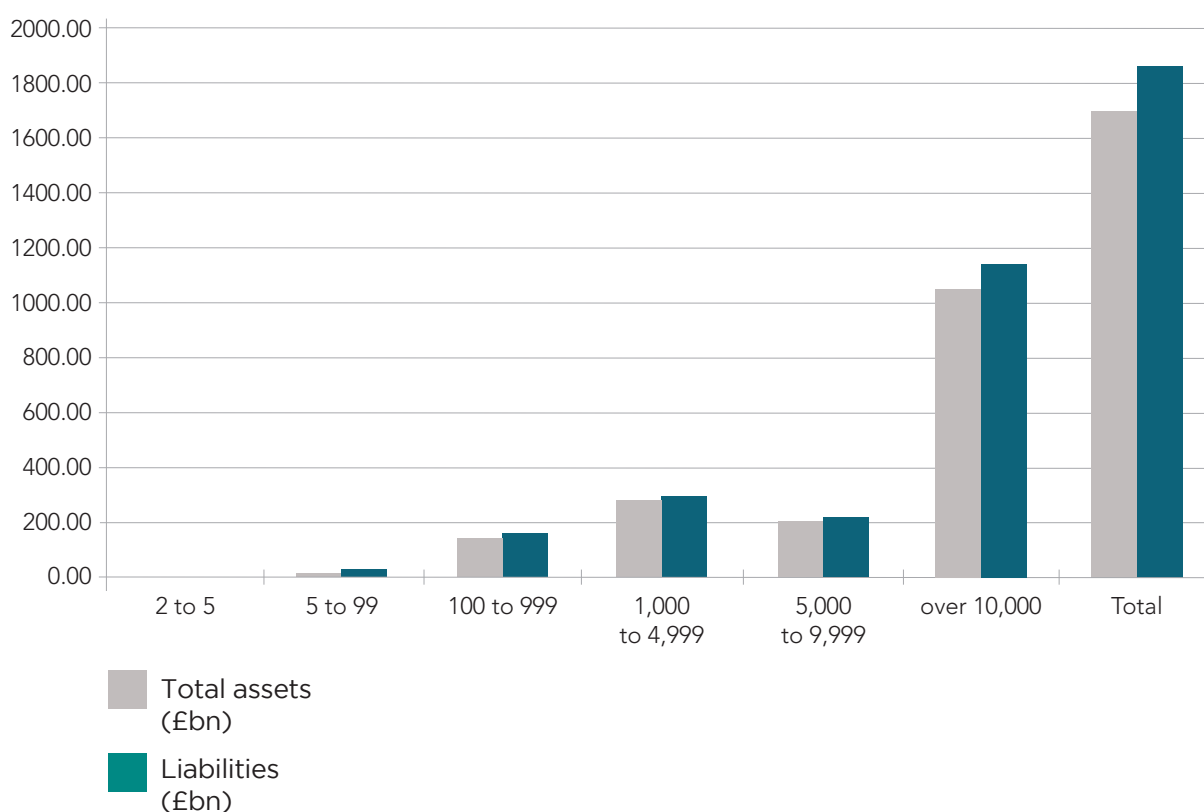


## Funding by size band

Table 17: Funding by size

Members	Total assets (bn)	Liabilities (bn)
2 to 4	0.3	0.3
5 to 99	15.7	17.3
100 to 999	151.6	170.0
1,000 to 4,999	277.9	306.6
5,000 to 9,999	207.7	229.3
over 1,000	1047.8	1136.7
Total	1700.9	1860.2

Figure 8: Funding by size band



**Table 18: Number of schemes by funding level and size**

Schemes	0<50%	50-75%	75-100%	>100%	No info
2 to 4	-	7	35	34	158
5 to <99	27	237	1,086	491	191
100 to <999	17	350	1,567	440	46
1,000 to <4,999	-	70	543	117	15
5,000 to <9,999	-	15	119	31	-
10,000+	-	10	149	34	7

Note that '-' represents five or less entities

## Coverage of funding figures

Not all schemes had rolled forward valuation data available at the date where the data was taken. Schemes in wind up are not processed in this way, for example, and there may be instances where a scheme is not liable to prepare part 3 valuations or where certain items of data used in the calculation were not available. The data set used in this document has rolled forward funding information for 96% of the memberships.

## Indexation information

Schemes can adopt a variety of approaches to increases to pensions in payment. Indexation types can be:

- Fixed increases
- A percentage of the increase in inflation
- Full indexing with inflation
- Index linking with inflation up to a maximum
- Index linking with inflation with a maximum and a minimum
- No indexation

The index used can be RPI (retail price index) or CPI (consumer price index). RPI has historically been higher than CPI. In addition schemes will have one approach for pre-97 accruals and one for accruals after 1997. The following tables represent the data held by TPR on indexation approaches pre and post 1997.

## Indexation types

**Table 19: Indexation pre-April 1997 – schemes**

	CPI	N/A	RPI	Unknown
Fixed interest value	-	1,787	-	-
Full indexing in line	271	-	212	-
Maximum and minimum	21	-	239	-
Not applicable	8	1,237	6	180
Percentage increase	1	-	19	-
Up to maximum	227	-	1,566	-

**Table 20: Indexation pre-April 1997 – % of memberships**

	CPI	N/A	RPI	Unknown
Fixed interest value	-	9.6	-	-
Full indexing in line	11.0	-	5.2	-
Maximum and minimum	0.2	-	4.8	-
Not applicable	0.0	13.7	0.0	2.7
Percentage increase	0.0	-	0.8	-
Up to maximum	5.9	-	46.1	-

**Table 21: Indexation post April 1997 – schemes**

	CPI	N/A	RPI	Unknown
Fixed interest value	-	230	-	-
Full indexing in line	268	-	207	-
Maximum and minimum	173	-	557	-
None	-	137	-	15
Percentage increase	-	-	4	-
Up to maximum	868	-	3,315	-

**Table 22: Indexation post April 1997 – % of memberships**

	CPI	N/A	RPI	Unknown
Fixed interest value	-	0.3	-	-
Full indexing in line	7.5	-	2.9	-
Maximum and minimum	1.2	-	4.9	-
None	-	4.2	-	0.1
Percentage increase	-	-	0.0	-
Up to maximum	16.1	-	62.7	-

## Fixed rates of indexation

**Table 23: Fixed interest rates pre-1997**

	Pre-1997	Pre-1997	Pre-1997	Pre-1997
	Mean	Mode	Maximum	Minimum
Open	3.49	3.00	6.00	0.00
CTNM	3.32	3.00	6.00	0.00
CTFA	3.43	3.00	8.50	0.00
Winding up	2.84	3.00	5.00	0.00
All	3.37	3.00	8.50	0.00

**Table 24: Fixed interest rates post-1997**

	Post-1997	Post-1997	Post-1997	Post-1997
	Mean	Mode	Maximum	Minimum
Open	5.00	5.00	5.00	5.00
CTNM	4.73	5.00	5.50	2.50
CTFA	4.94	5.00	8.50	2.50
Winding up	4.05	5.00	5.00	2.50
All	4.83	5.00	8.50	2.50

**Table 25: Maximum rates of indexation pre-1997 where indexation allowed up to a maximum**

	Pre-1997	Pre-1997	Pre-1997	Pre-1997
	Mean	Mode	Maximum	Minimum
CPI	4.77	5.00	12.00	2.50
RPI	4.87	5.00	12.00	0.75
All	4.86	5.00	12.00	0.75

**Table 26: Maximum rates of indexation post-1997 where indexation allowed up to a maximum**

	Post-1997	Post-1997	Post-1997	Post-1997
	Mean	Mode	Maximum	Minimum
CPI	4.82	5.00	12.00	2.50
RPI	5.01	5.00	12.00	2.50
All	4.97	5.00	12.00	2.50

**Table 27: Scheme indexed to a maximum and minimum**

	Pre-1997			
	Mean	Mode	Highest minimum	Lowest minimum
Inflationary index				
CPI	3.10	3.00	4.00	3.00
RPI	3.06	3.00	6.00	0.01
All	3.07	3.00	6.00	0.01

Fixed rates of indexation continued...

**Table 28: Scheme indexed to a maximum and minimum**

	Post-1997			
	Mean	Mode	Highest minimum	Lowest minimum
Inflationary index				
CPI	3.00	3.00	4.00	1.00
RPI	3.00	3.00	5.00	0.01
All	3.00	3.00	5.00	0.01

## Public service schemes

Public service pension schemes provide pensions for civil servants, the judiciary, local government, teachers, health service workers, members of fire and rescue services, members of police forces and members of the armed forces. These schemes cover over 16.5 million memberships, and 24,000 employers.

Until 2015, pension provision in the public sector was provided on a defined benefit basis. Since then, however, workers in all open public service schemes have accrued benefits on a Career Average (CARE) basis.

There are 21 public service pension schemes. Of these, the local government pension scheme, fire and rescue service pension scheme and police pension scheme are locally administered. We treat each of the locally administered sections as a separate scheme and therefore regard the public service landscape as having 208 schemes.

Public service pension schemes are governed differently from other occupational pension schemes. They do not have trustees – instead the overall management and/or administrative responsibility for the schemes sits with scheme managers. Scheme managers are supported by pension boards, which assist them in complying with their legal duties. The local government pension schemes and some existing public body schemes are funded, but the others all operate on a ‘pay as you go’ basis.

## Balance of membership types

Figure 9: Balance of membership types in public service schemes

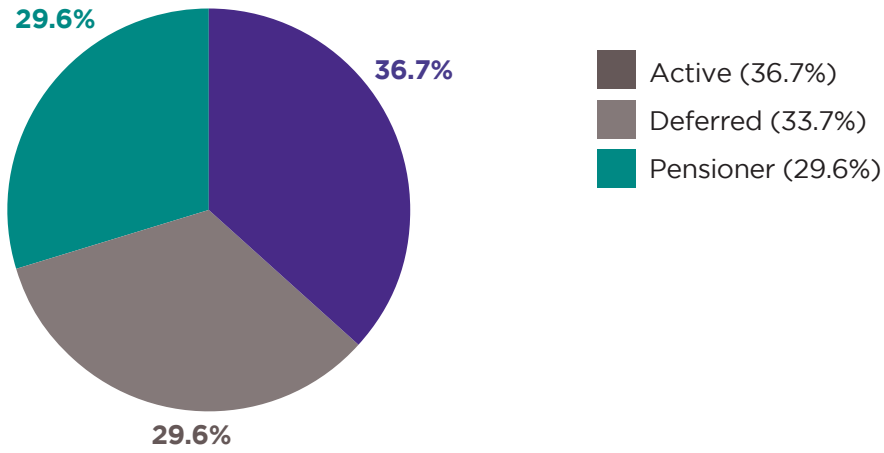
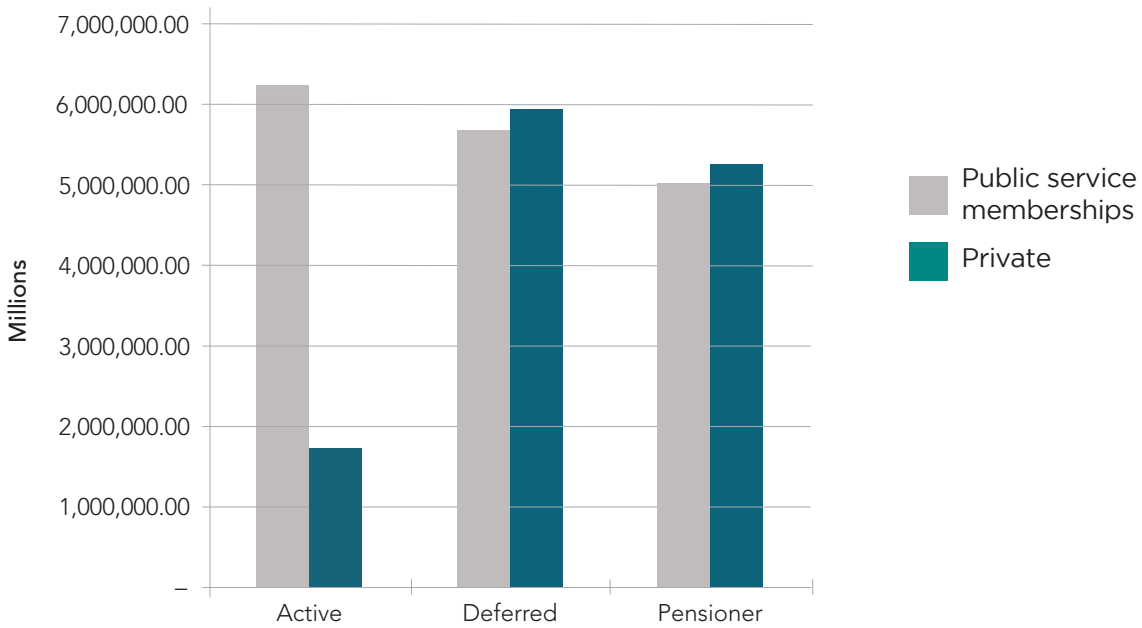


Figure 10: Comparison of balance of membership types – public service and private DB/hybrid





# Appendix 1

## Data set

The data set used in this publication is primarily based on an extract from the pension schemes register as of 31 March 2019. This aims to include registrable DB and hybrid occupational schemes with more than one member. As such, this differs from the PPF's Purple Book data set in that the latter includes only those schemes eligible for the PPF. Read more about PPF eligibility at: [www.pensionprotectionfund.org.uk/About-Us/eligibility/Pages/Eligibility.aspx](http://www.pensionprotectionfund.org.uk/About-Us/eligibility/Pages/Eligibility.aspx)

The schemes in this data set that don't appear in the Purple Book will include small relevant schemes (formerly known as SSAS), schemes to which a minister of the Crown has given a guarantee and others with features prohibiting PPF eligibility.

The additional schemes make up a relatively small proportion of the sample by membership and assets.

**Table 29: Proportion of memberships in data set absent from Purple Book, by status**

% of memberships	Open	CTNM	CTFA	Winding up
Not in Purple Book	0.2	6.5	0.9	0.4
In Purple Book	18.5	45.7	27.7	0.2

**Table 30: Proportion of assets in data set absent from Purple Book, by status**

% of assets	Open	CTNM	CTFA	Winding up
Not in Purple Book	0.1	1.5	0.4	N/A
In Purple Book	16.9	56.6	24.5	N/A

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Free online learning for those running public service schemes

## The pensions landscape

Defined benefit pensions 2019

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