

SUMMARY OF EMERGING FINDINGS

Employers' attitudes and likely reactions to the Workplace Pension Reforms: a quantitative survey in 2009

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Summary

Early emerging findings from the Employers Attitudes Survey (EAS) 2009 are available for inclusion in the Impact Assessment of the Workplace Pensions reforms in January 2010. Where possible, we have included comparison with the previous EAS, conducted in 2007. In response to the Workplace Pension Reforms the research shows:

- Majority support for reforms from employers of all sizes. Overall, 56% of employers thought the reforms were a good idea. This is slightly lower than in 2007 (61%¹), which is likely to reflect the prevailing economic circumstances.
- Among employers who are already making pension contributions of 3% or more, most (94%) expressed an intention to maintain or even increase contribution levels for existing scheme members, following the introduction of the reforms.
- In relation to non-members and new employees, 81% of those contributing 3% or more said that they intend to offer non-members and new employees their existing contribution levels or even higher. Just under a fifth (19%) of those contributing 3% or more said that they might offer lower contributions for new employees.
- Among those employers with 5 or more employees, the research shows, that of those contributing 3% or more, 86% plan to offer their existing contribution levels or higher to new employees, whilst 14% said they might offer lower contributions for new employees. Among those employees who work for an employer that was currently contributing 3% or more, 74% worked for one that intended at least to maintain their current rate of contributions for existing members.

Analysis is continuing and it is currently anticipated that a full report of findings will be published in 2010. **It should be noted that individual estimates may be subject to change over the intervening period.**

¹ Although previous published estimates show different figures these have been re-weighted so as to ensure that 2007 and 2009 surveys are weighted on a consistent basis (and also with the 2007 and 2009 DWP Surveys of Employers Pension Provision).

Background to the research

This survey was commissioned as part of a programme of research and analysis to track attitudes and likely reactions to the workplace pension reforms set out in the Pensions Act 2008 to encourage and enable more people to save for their retirement.

The survey explores likely employer behaviour in relation to proposals to automatically enrol eligible workers into a qualifying workplace pension scheme with a minimum employer contribution, and the introduction of a personal accounts scheme to provide a simple, low-cost pension saving scheme for moderate to low earners currently without access to a workplace pension scheme. A survey of employers' attitudes and likely responses to the reforms was first conducted in 2007² and this survey updates some of the findings, and enables us to compare some of the responses³.

This programme of research includes a parallel survey of individuals' attitudes to key aspects of the reforms. This is designed to measure support for the reforms among their target group and estimate likely behaviour of individuals following auto enrolment, including whether they are likely to stay in pension saving and their likely contribution levels toward that pension.

Methodology

This research is being carried out by BMRB and the National Institute of Economic and Social Research (NIESR) on behalf of the Department for Work and Pensions (DWP). It involves a nationally representative quantitative telephone survey of about 2,550 private sector employers across a range of sizes and industries in Great Britain. The survey is designed to be representative of all private sector employers in Great Britain with one or more employees. The sample was drawn from the Inter-Departmental Business Register (IDBR) which is a comprehensive list of employers compiled from Value Added Tax (VAT) and PAYE records.

Interviews were carried out with the person responsible for making decisions about pension arrangements. Consequently over two thirds (70%) of those interviewed were either the owner or partner of the business, the Managing Director or Chief Executive, were at Director level, or occupied senior positions in the Finance Department (including Finance Director).

Interviews for this survey took place between June and September 2009.

Emerging findings

² Grant C, Fitzpatrick A, Sinclair P and Donovan J (2008) *Employers' Attitudes and Likely Reactions to the Workplace Pension Reforms: Report of a Quantitative Survey in 2007*, DWP Research Report No. 546.

³ We cannot compare all responses to all of the questions in the 2007 survey. There are a number of reasons for this including: (1) 2007 survey focused on *largest open scheme* whereas 2009 questionnaire focused on *the largest scheme* regardless of whether it was open or not; (2) the questions used to assign employers to different categories of pension provision have changed between 2007 and 2009.

This note presents some of the early findings that are starting to emerge from this research. Analysis of the findings is ongoing, and it is currently anticipated that a full report of findings will be published in 2010. **It should be noted that individual estimates may be subject to change over the intervening period.**

Awareness and attitudes to the workplace pension reforms

- Over two-fifths of employers (44%) had heard something about the government’s workplace pension reforms, however very few (2%) had heard a lot. Awareness increased with employer size. There was no evidence to suggest that there had been any significant increase in awareness levels since 2007.
- Most employers are supportive of the reforms, and 56% thought they were a good idea. This is slightly lower than in 2007 (61%⁴), which is likely to reflect the prevailing economic circumstances.
- Across all size categories more employers thought the reforms were a good idea than thought they were a bad idea.

Table 1 Employers’ views of the workplace pension reforms

	Size of organisation (number of employees)							All
	1 - 4	5-9	10-19	20-49	50-249	250 - 499	500+	
	%							
A good idea	58	50	50	50	54	69	71	56
A bad idea	36	38	43	39	37	25	20	37
Depends/ don't know	7	12	7	11	10	6	9	8
<i>Unweighted</i>	234	209	292	428	722	262	403	2,550
<i>Weighted</i>	1,867	320	203	102	47	5	5	2,550

Base: All private sector employers

Likely contribution levels following introduction of the reforms

- Among employers who are already making pension contributions of 3% or more, most (94%) expressed an intention to maintain or even increase contribution levels for existing scheme members.

⁴ See footnote 1.

- In relation to their new employees, around four fifths (81%) of those contributing 3% or more said they intend to offer new employees their existing contribution levels or even higher. Around one-fifth (19%) of those contributing 3% or more said that they might offer lower contributions for new employees.
- An analysis excluding micro-employers (i.e. those with fewer than 5 employees) shows that, among those contributing 3% or more, 86% plan to offer their existing contribution levels or higher to new employees. The remaining 14% say they might offer lower contributions for new employees. Among those employees who work for an employer that was currently contributing 3% or more, 74% worked for one that intended at least to maintain their current rate of contributions for existing members.
- Comparisons with 2007 around how much employers intend to contribute towards employees pensions where there is no existing provision are not currently available but will be considered in the final report⁵.

⁵ See footnote number 3.