

## Technical Note: Pension Provision

### Background

In 2006-07 the following changes were made to the pension questions in the Family Resources Survey (FRS):

- Employees were routed through an initial set of questions that asked whether their employer provided a pension, their eligibility to join the scheme, and whether they were members;
- Employees who were members of an employer scheme were asked whether they were members of a GPP or GSHP;
- Respondents up to age 70 were asked about pension participation.

In the course of validating the statistics, DWP statisticians identified that a higher than expected number of elderly and economic inactive respondents were contributing to pensions. This delayed the release of both the FRS and the Households Below Average Income publications.

### Pension Provision Edits

To address the problem of the higher than expected number of elderly and economic inactive respondents recorded as contributing to private pensions, the following cases were *deleted*:

- Cases receiving money from a personal or employer pension and contributing to a personal pension who are under 66 and are unemployed, retired, permanently sick/disabled and other inactive;
- Cases not receiving a pension but who are 66 and over and are unemployed, retired, permanently sick/disabled and other inactive;
- Cases where a pension contribution amount of zero is recorded.

In the course of preparing the 2007-08 FRS dataset the corrections applied to the 2006-07 FRS dataset were reviewed and the following cases were also deleted:

- Cases reporting membership of an employer pension when respondent retired in the last year or no longer working;
- Cases with an employer pension where no one is contributing (except pensions receiving a National Insurance rebate).

Following these edits, the dataset continues to show a higher than expected number of respondents with personal and stakeholder pensions. DWP statisticians judge that some of these pension memberships will be dormant (closed) personal and stakeholder pension memberships incorrectly reported as live pension memberships with respondents making continuing contributions. It has not been possible to identify and exclude all these dormant memberships on a consistent basis

### **The 2009-10 survey**

A pilot was run in August 2008 to test changes to the FRS questionnaire to ensure that private pension participation and contribution information is captured correctly at the data collection stage. These changes have been implemented from 2009-10.

### **Summary**

The underlying problem with the questionnaire has been resolved from 2009-10. However, this means that there is a known problem with pension contribution records in 2006-07, 2007-08 and 2008-09. While some corrections have been made to remove cases that satisfy specific criteria, FRS users need to be aware of continuing data quality concerns relating to pension contribution records for 2006-07, 2007-08 and 2008-09, and the fact that the edit corrections applied to the dataset will introduce a discontinuity in the dataset.

The variables in the FRS dataset affected by these edits are EMPPEN, PRIVPEN, PERSPEN1 and PERSPEN2 on the Adult table, and entries on the Penprov table.

The 2006-07 FRS dataset will be re-released, at the same time as the release of the 2007-08 dataset, incorporating the 2007-08 revised corrections.

FRS users wishing to do any analysis looking at pension provision are advised to contact the FRS team at DWP ([team.frs@dwp.gsi.gov.uk](mailto:team.frs@dwp.gsi.gov.uk)).

### **FRS Team**

**Department for Work and Pensions**

**April 2009**