

# Workplace Pension Reform: Multiple Jobholders

July 2013

# Introduction

The analysis presented in this paper is intended to support the passage of the 2013-14 Pensions Bill through Parliament. It provides an update to estimates the Department published in [July 2011](#) in light of the increase in the automatic enrolment earnings trigger – currently £9,440 per year (2013/14).

The paper presents secondary analysis of the Office for National Statistics' Labour Force Survey and identifies individuals with two or more jobs to determine the number of workers who could be a part of the automatic enrolment eligible population if the income from both their main and second job is taken into account in assessing eligibility.

In any job, a worker will be eligible for automatic enrolment into a workplace pension if:

- The individual is aged 22 and over but under State pension age.
- The individual earns over the earnings trigger, currently £9,440.<sup>1</sup>

Employers will be required to enrol all workers into a qualifying pension scheme, provided that the worker meets the eligibility criteria.

Should the individual not earn above the earnings trigger in a job, they will not be automatically enrolled. However, if they earn above the lower limit of the qualifying earnings band, which currently stands at £5,668, they can choose to opt in and will receive a contribution from their employer.

Individuals who earn below the lower limit of the qualifying earnings band still have a right to join a pension scheme, but there is no requirement for an employer contribution.

Some individuals may choose to work in several part-time jobs<sup>2</sup>, rather than one full-time job. It is therefore possible that an individual in several jobs could have the same annual income as an individual in just one job. Because the duty to automatically enrol the worker falls on the employer, an individual's earnings are not aggregated across employers. Therefore, some individuals earning more than the earnings trigger will not be automatically enrolled if these earnings come from more than one employer and may not be able to opt in with an employer contribution if these earnings are below the qualifying earnings band lower limit. The analysis in this paper is intended to demonstrate the prevalence of these situations.

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<sup>1</sup> In this analysis, we have used the currently legislated earnings trigger of [9,440 per year in 2013/14](#). This trigger is then deflated in line with earnings growth, to provide estimates suitable for analysis in 2010/11, 2011/12 and 2012/13. Earnings are gross earnings before all deductions.

<sup>2</sup> The LFS only provides details of main and second jobs. There will be individuals who work in more than two jobs, but we are unable to analyse the incomes from any additional jobs above the second job. The main job is self-reported by the respondent, and is not specifically defined as the job with the greatest earnings or longest hours.

# Analysis of workers with multiple jobs

## Methodology

Figures in **Table 1** are taken from the Labour Force Survey (LFS)<sup>3</sup>. The population within the statistics presented here are defined as<sup>4</sup>:

- Employees and agency workers (therefore excluding the self employed, and those on government training schemes) with two or more jobs.
- Aged 22 and over but under State pension age.

The number of individuals with a main job and a second job are given, and this group is then split according to whether their earnings in any job meet the eligibility criteria.

**Table 2** restricts the population in Table 1 to those workers whose income from one or both jobs does not result in them being automatically enrolled into a workplace pension scheme and captures whether they earn £5,668 or more in 2013/14 earnings terms – the qualifying earnings band lower limit for automatic enrolment – in one or more of their jobs, or only when the earnings from each job is combined.

It should be noted that earnings analysis with the LFS comes with a number of caveats. As only a subset of respondents are asked earnings information in each quarter of the survey, sample sizes tend to be small and are therefore subject to greater sampling variation. Also, earnings are self reported, and respondents will not always have referred to the relevant documentation. The figures presented demonstrate the variability in estimated numbers and median earnings for each group.

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<sup>3</sup> For more information on LFS methodology, see here: <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/labour-market-statistics/index.html>

<sup>4</sup> Unlike previous publications, this analysis includes public sector workers. Whilst previous publications have been restricted to the private sector only, public sector workers were included here to allow the inclusion of workers who work in both the public and private sector. Excluding these cross-sector workers may lead to a bias in the statistics published here.

## Results

Table 1 shows that in 2012/13, of a total of 510,000 workers with more than one job, between 320,000 and 360,000 (60% to 70%) would be automatically enrolled into a qualifying pension scheme because earnings from either one or both jobs is above the automatic enrolment trigger of £9,440 per year. A further 90,000 to 110,000 had earnings below the automatic enrolment trigger even when earnings from both jobs were combined. The remaining 60,000 to 70,000 workers had earnings above the automatic enrolment earnings trigger only when the income from both jobs was combined.

Table 2 shows that in 2012/13 of the 150,000 and 180,000 with more than one job who would not be automatically enrolled, between 80,000 and 100,000 had income from one or both jobs that would bring the worker above the qualifying earnings band lower limit thus making them eligible to opt into a qualifying workplace pension scheme and receive an employer contribution. This equates to between 50% and 60% of workers in this group.

A further 20,000 to 30,000 had earnings below the lower limit of the qualifying earnings band even when earnings from both jobs were combined. The remaining 40,000 to 60,000 had earnings above the lower limit of the qualifying earnings band only when the income from both jobs was combined. These workers would be able to join a pension scheme but would not be entitled to a contribution from their employer.

**Table 1: Estimated earnings for workers with multiple jobs, within the automatic enrolment eligible population and who earn around the automatic enrolment earnings trigger**

	2010/11	2011/12	2012/13
<b>Number of workers with more than one employee job</b>	560,000	550,000	510,000
of which female	360,000	330,000	330,000
<b>Number of workers where combining income from both jobs would still leave the worker below the earnings trigger</b>	70,000-90,000	70,000-90,000	90,000-110,000
of which female	70,000-80,000	60,000-70,000	80,000-90,000
median annual earnings in main job	£4,100	£4,000	£4,400
median annual earnings in second job	£2,200	£2,200	£2,200
<b>Number of workers where only by combining income from both jobs would bring the worker above the earnings trigger</b>	60,000-70,000	70,000-80,000	60,000-70,000
of which female	40,000-50,000	50,000-60,000	40,000-50,000
median annual earnings in main job	£7,200	£7,000	£6,900
median annual earnings in second job	£4,900	£5,100	£4,900

<b>Number of workers where income from one job brings the worker above the earnings trigger, but not income from both jobs</b>	330,000-360,000	320,000-350,000	280,000-300,000
of which female	200,000-220,000	170,000-190,000	170,000-180,000
median annual earnings in main job	£17,700	£17,700	£17,700
median annual earnings in second job	£3,500	£3,500	£3,400
<b>Number of workers where income in each job is above the earnings trigger</b>	50,000-70,000	50,000-70,000	50,000-60,000
of which female	30,000-40,000	20,000-30,000	20,000-30,000
median annual earnings in main job	£21,600	£24,500	£21,800
median annual earnings in second job	£12,500	£14,400	£14,500

**Source:** Labour Force Survey 2010/11 – 2012/13

**Notes:**

1. Numbers of individuals are rounded to the nearest 10,000; median earnings are rounded to nearest £100.
2. Components may not sum to total due to rounding.
3. Missing values are excluded from the calculation of median earnings estimates.
4. Ranges express 95% confidence intervals.
5. Median earnings are for all employees, not just women.

**Table 2: Estimated earnings for workers with multiple jobs who are not eligible for, automatic enrolment in one or both of their employee jobs and who earn around the qualifying earnings band lower limit**

	2010/11	2011/12	2012/13
<b>Number of workers with more than one employee job who would not be eligible for automatic enrolment</b>	130,000-160,000	140,000-180,000	150,000-180,000
of which female	110,000-130,000	120,000-140,000	120,000-140,000
<b>Number of workers where combining income from both jobs would still leave the worker below the qualifying earnings band lower limit</b>	20,000-30,000	20,000-40,000	20,000-30,000
of which female	20,000-30,000	20,000-30,000	20,000
median annual earnings in main job	£2,200	£2,700	£2,900
median annual earnings in second job	£1,900	£1,700	£1,600
<b>Number of workers where only by combining income from both jobs would bring the worker above the qualifying earnings band lower limit</b>	30,000-40,000	30,000-50,000	40,000-60,000
of which female	30,000	30,000-40,000	40,000-50,000
median annual earnings in main job	£4,400	£4,400	£4,700
median annual earnings in second job	£2,900	£3,100	£3,000

<b>Number of workers where income from one job brings the worker above the qualifying earnings band lower limit, but not income from both jobs</b>	60,000-80,000	60,000-80,000	70,000-80,000
of which female	50,000-60,000	50,000-60,000	60,000-70,000
median annual earnings in main job	£6,700	£6,900	£6,500
median annual earnings in second job	£3,800	£3,600	£3,800
<b>Number of workers where income in each job is above the qualifying earnings band lower</b>	10,000-20,000	20,000-30,000	10,000-20,000
of which female	10,000-20,000	10,000-20,000	10,000
median annual earnings in main job	£7,500	£7,000	£7,000
median annual earnings in second job	£6,700	£6,300	£6,300

**Source:** Labour Force Survey 2010/11 – 2012/13

**Notes:**

1. Numbers of individuals are rounded to the nearest 10,000; median earnings are rounded to nearest £100.
2. Components may not sum to total due to rounding.
3. Missing values are excluded from the calculation of median earnings estimates.
4. Ranges express 95% confidence intervals.
5. Median earnings are for all employees, not just women.

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