



Department  
for Work &  
Pensions

# Statistics on Household Wealth

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# Contents

Background.....	3
Policy Context.....	3
1. Household wealth.....	4
1.1 Net wealth.....	4
1.2 Private pension wealth.....	5
1.3 Financial wealth.....	6
1.4 Property wealth.....	7
A Annex.....	8
A1 Net wealth.....	8
A2 Private pension wealth.....	9
A3 Financial wealth.....	10
A4 Property wealth.....	11

## **Background**

Monitoring household wealth is important to understand the wider impact of workplace pension saving on other forms of wealth. The baseline evaluation report used the first wave (2006/08) of the ONS longitudinal Wealth and Assets Survey (WAS) to show the distribution of the total stock of household wealth for all eligible employees. The latest release of the Wave 3 (2010/12) WAS dataset technically provides the 'official baseline' of wealth for the evaluation of Automatic Enrolment. Further improvements were made to Wave 1 and 2 data based on the Wave 3 data and also to the methodology for estimating private pension wealth.

## **Policy Context**

Millions of people in the UK are not saving enough for retirement. Automatic enrolment aims to increase private pension saving in the UK and forms part of a wider set of pension reforms designed to enable individuals to save towards achieving the lifestyle they aspire to in retirement. The reforms require employers to automatically enrol eligible workers into a qualifying workplace pension scheme and pay a contribution, in addition to a Government contribution in the form of tax relief. The automatic enrolment duties are being staged in between October 2012 and February 2018 by employer size, starting with the largest employers.

Once fully implemented, automatic enrolment aims to increase the number of individuals newly saving or saving more in a workplace pension by around eight million, within a range of six to nine million, and increasing the amount that is being saved in workplace pensions by around £11 billion a year, within a range of £8 billion to £12 billion.

# 1. Household wealth

This paper shows an analysis of trends in household wealth based on all three WAS waves spanning the period 2006-12. It presents new data from the third wave of the survey (July 2010 to June 2012) alongside revised estimates from Wave 1 (July 2006 to June 2008) and Wave 2 (July 2008 to June 2010) in an annex. Given the skewed nature of wealth data, and the impact that outliers can have on parametric estimates, we advise caution when looking at the mean values as this can lead to the reporting of spurious change with the inclusion of extreme outliers.

## 1.1 Net wealth

Total net wealth from the Wealth and Assets Survey is defined for this report as economic wealth, that is the value of accumulated assets minus the value of accumulated liabilities. Total net wealth is defined as the sum of three components, namely property wealth (net), financial wealth (net) and private pension wealth. While net wealth is a 'stock' concept it can produce flows of incomes, either now or in the future, as is the case of private pension wealth. Private pension wealth in WAS refers to all workplace pension saving (including workplace pension saving in both public and private sectors) in addition to non-workplace private pension saving. It excludes accrued rights to state pensions and pensions in payment.

In 2010/12 the total stock of wealth for all eligible employees was around £3.2 trillion. Pension wealth is the largest contributor and accounts for £1.5 trillion, around half of the total. Net property wealth (including main and other properties) accounts for £1.2 trillion, around 35 per cent, while net financial wealth accounts for £0.5 trillion, around 15 per cent of the total.

Table 1 shows that the median total net wealth of all eligible employees was £80,100. The 25<sup>th</sup> and 75<sup>th</sup> percentile values show considerable spread in net wealth, ranging from £25,800 to £188,600. When looking at the three key components of wealth, net property wealth for all eligible employees has the highest median value of £39,500. Median private pension wealth was lower at £20,000 with median net financial wealth considerably lower at £1,400.

The 25<sup>th</sup> percentile value for eligible employees' private pension wealth is zero which means that up to 25 per cent of eligible employees have no private pension wealth at all. Over time, with millions of low to middle earners being automatically enrolled into a private workplace pension for the first time, this will be a key indicator of the impact of the reforms.

**Table 1 Net wealth for all eligible employees<sup>1,2</sup>, Great Britain 2010/12**

	Mean	10th percentile	25th percentile (1st quartile)	50th percentile (Median)	75th percentile (3rd quartile)	90th percentile
Private pension saving <sup>3</sup>	82,200	0	0	20,000	80,200	216,700
Financial saving (net) <sup>4,5</sup>	25,200	-7,500	-700	1,400	12,800	44,000
Property saving (net) <sup>5</sup>	62,100	0	8,000	39,500	80,000	140,000
Main property saving (net)	51,900	0	3,500	35,000	72,000	123,000
Other property saving (net)	10,200	0	0	0	0	17,500
Total savings (net)	169,500	700	25,800	80,100	188,600	380,300

Source: DWP estimates derived from the ONS WAS, GB, 2010/12

Notes on Table 1:

1. An eligible employee is one who is not already in a qualifying pension arrangement, is aged 22 or over, is under State Pension age, earns more than a specific threshold relevant to the survey year and works or ordinarily works in the UK.
2. These figures are for all eligible employees, including those with no savings.
3. Private pension wealth excludes accrued rights to state pensions and pensions in payment.
4. Financial wealth excludes children's assets and trusts.
5. Some forms of financial wealth and property tend to be held jointly by members of the same household. Such wealth has therefore been split equally among the number of adults in the household.
6. The mean and other summary estimates are expressed to the nearest £100.

## 1.2 Private pension wealth

The figures in this section relate to private pension wealth only. As mentioned above it excludes accrued rights to state pensions and pensions in payment.

Table 2 shows almost three quarters (75 per cent) of eligible employees had some level of private pension wealth (that is all pension wealth excluding accrued rights to state pensions and pensions in payment). Median private pension wealth for all eligible employees still accumulating in 2010/12 was £20,000.

Looking in detail at private pension wealth (excluding those expected from a former spouse or partner), households can have both Defined Benefit (DB)<sup>1</sup> and Defined Contribution (DC)<sup>2</sup> types of pension wealth. In 2010/12, 53 per cent of eligible employees had occupational DB pension wealth and 39 per cent had DC pension wealth (including personal DC pensions). Mean DB pension wealth was £66,800, much higher than the equivalent for DC pensions which is £15,200. Likewise, the mean current DB pension wealth was £58,000 for eligible employees and is much higher compared to that for the current DC pensions of £5,100. The difference between DB and DC pension wealth occurs because DB pensions have been around for longer than their DC equivalents.

**Table 2 Private pension wealth for all eligible employees<sup>1, 2, 3</sup>, Great Britain 2010/12**

								£
	%	Mean	10th percentile	25th percentile (1st quartile)	50th percentile (Median)	75th percentile (3rd quartile)	90th percentile	
DB pension saving, of which:	53	66,800	0	0	4,200	52,700	186,100	
Current occupational DB pensions	44	58,000	0	0	0	37,900	160,600	
Retained rights in DB pensions	15	8,800	0	0	0	0	12,400	
DC pension saving <sup>5</sup> , of which:	39	15,200	0	0	0	8,400	40,000	
Current occupational DC pensions	17	5,100	0	0	0	0	9,200	
Retained rights in DC pensions	13	4,500	0	0	0	0	2,600	
Personal pensions	15	5,100	0	0	0	0	8,200	
AVCs	2	400	0	0	0	0	0	
Total private pension saving (excluding pensions in payment)	75	82,200	0	0	20,000	80,200	216,700	

<sup>1</sup> With the DB pension arrangement the amount you receive upon retirement does not depend on the size of your pension pot. Under this arrangement you are promised a certain amount of pension at retirement, which is usually based on your pay and length of service. Source: <http://www.hmrc.gov.uk/pensionschemes/types-of-scheme.htm>

<sup>2</sup> With a DC pension arrangement you will not know in advance how much pension you receive upon retirement. The value of your pension will depend on how much money you contribute and how well the funds are invested. Source: <http://www.hmrc.gov.uk/pensionschemes/types-of-scheme.htm>

Source: DWP estimates derived from the ONS WAS, GB, 2010/12

Notes on Table 2:

1. An eligible employee is one who is not already in a qualifying pension arrangement, is aged 22 or over, is under State Pension age, earns more than a specific threshold relevant to the survey year and works or ordinarily works in the UK.
2. These figures are for all eligible employees, including those with no pension saving.
3. The pension wealth values at the lower end of the distribution are mostly zeroes.
4. An individual may appear in more than one category as individuals may have more than one type of pension.
5. DC pension wealth also includes remaining value of pension funds for drawdown; results are not shown separately due to a small sample size.
6. The mean and other summary estimates are expressed to the nearest £100.

### 1.3 Financial wealth

Net financial wealth for all eligible employees has been calculated by deducting any financial liabilities from financial assets. Table 3 shows the mean value of net financial wealth was £25,200 and the median value of their net financial wealth was £1,400<sup>3</sup>.

**Table 3 Net financial wealth for all eligible employees<sup>1,2</sup>, Great Britain 2010/12**

				25th percentile	50th percentile (1st quartile) (Median)	75th percentile (3rd quartile)	90th percentile	£
Financial assets <sup>3,5</sup>	94	28,400	0	300	2,700	14,500	45,800	
Financial liabilities <sup>4</sup>	49	3,200	0	0	0	3,300	10,400	
Net individual financial saving <sup>6</sup>	99	25,200	-7,500	-700	1,400	12,800	44,000	

Source: DWP estimates derived from the ONS WAS, GB, 2010/12

Notes on Table 3:

1. An eligible employee is one who is not already in a qualifying pension arrangement, is aged 22 or over, is under State Pension age, earns more than a specific threshold relevant to the survey year and works or ordinarily works in the UK.
2. These figures are for all eligible employees, including those with no or negative financial savings.
3. Financial assets include current accounts (excluding overdrawn accounts), savings accounts, ISAs, National Savings certificates and bonds, shares, insurance products, fixed term bonds, PEPs, employee shares and share options, unit/investment trusts and bonds/gilts.
4. Financial liabilities comprise overdrawn current accounts, non-mortgage borrowing

<sup>3</sup> Mean estimates for financial wealth have been impacted by a significant outlier in the WAS 2010/12 sample. Users are advised not to interpret these estimates in isolation, but in the context of the percentile distribution provided. Median values are the preferred measure of the average for skewed distributions such as financial wealth.

and arrears on household bills. Non-mortgage borrowing comprises credit or store cards that are not settled in full each month, overdrafts and all forms of fixed-term loans. Arrears are defined as falling behind with household bills, mortgages or non-mortgage borrowing repayments.

5. Joint accounts were split equally among the number of adults in the household to calculate individual financial saving.
6. The mean and other summary estimates are expressed to the nearest £100
7. The 99 per cent estimate 'net individual financial saving' refers to the 69 per cent of individuals with net assets and 30 per cent with net liabilities.

## 1.4 Property wealth

The distinction between main residence and other property is important as individuals may not be willing or able to extract wealth from their current home (to support future retirement income) but additional properties may be indicative of second homes or buy-to-let properties. Table 4 shows 80 per cent of eligible employees have net property wealth. When disaggregating the property wealth into main and other, 78 per cent had main net property wealth and 14 per cent had other net property wealth. The median net value of property wealth, when including both main and other property, was £39,500.

**Table 4 Net property wealth for all eligible employees<sup>1, 2, 3, 5</sup>, Great Britain 2010/12**

				25th	50th	75th	90th
	%	Mean	10th percentile	percentile (1st quartile)	percentile (Median)	percentile (3rd quartile)	percentile
Main net property savings	78	51,900	0	3,500	35,000	72,000	123,000
Other net property savings	14	10,200	0	0	0	0	17,500
Total net property saving <sup>4, 6</sup>	80	62,100	0	8,000	39,500	80,000	140,000

Source: DWP estimates derived from the ONS WAS, GB, 2010/12

Notes on Table 4:

1. An eligible employee is one who is not already in a qualifying pension arrangement, is aged 22 or over, is under State Pension age, earns more than a specific threshold relevant to the survey year and works or ordinarily works in the UK.
2. These figures are for all eligible employees, including those with no property wealth.
3. Respondents tend to over report the value of their property in the surveys. The point of reference is likely to be asking prices which they have seen advertised rather than 'sold prices', which reflect true market value.
4. Net property wealth is calculated as the sum of the values for the main residence plus any other property, minus the value of mortgage liabilities and equity release.
5. Property wealth held at household level is split equally among the number of adults in the household to calculate individual property wealth.
6. The 80 per cent with total net property wealth is smaller than the sum of the components as some individuals own both types of property and are counted twice.
7. The mean and other summary estimates are expressed to the nearest £100.

## A Annex

The information relating to Waves 1 and 2 here differs from that previously published in the last evaluation report<sup>4</sup>. This is due to improvements made to Wave 1 and 2 data based on the Wave 3 data. The private pension wealth differs by a considerable amount due to the changes to the financial assumptions in the use of annuity rates and discount factors used in estimating Defined Benefit (DB) pensions. In addition to this, the estimates of pension wealth have also changed due to the way in which the selection of individuals eligible for current occupation pensions is carried out<sup>5</sup>.

### A1 Net wealth

**Table A1.1 Net wealth for all eligible employees<sup>1 2</sup>, Great Britain 2008/10**

	Mean	10th percentile	25th percentile (1st quartile)	50th percentile (Median)	75th percentile (3rd quartile)	90th percentile
Private pension saving <sup>3</sup>	78,100	0	300	20,000	78,400	213,500
Financial saving (net) <sup>4 5</sup>	17,900	-7,300	-600	2,100	15,200	48,000
Property saving (net) <sup>5</sup>	61,100	0	9,000	40,000	79,000	140,000
Main property saving (net)	51,900	0	6,000	37,000	72,000	125,000
Other property saving (net)	9,200	0	0	0	0	12,500
Total savings (net)	157,100	1,600	26,900	81,700	189,500	382,200

Source: DWP estimates derived from the ONS WAS, GB, 2008/10

**Table A1.2 Net wealth for all eligible employees<sup>1 2</sup>, Great Britain 2006/08**

	Mean	10th percentile	25th percentile (1st quartile)	50th percentile (Median)	75th percentile (3rd quartile)	90th percentile
Private pension saving <sup>3</sup>	68,400	0	0	14,900	63,600	181,900
Financial saving (net) <sup>4 5</sup>	18,000	-5,900	-200	2,000	15,300	46,700
Property saving (net) <sup>5</sup>	69,100	0	12,500	45,500	88,000	150,000
Main property saving (net)	58,400	0	8,200	42,300	81,000	136,100
Other property saving (net)	10,700	0	0	0	0	11,700
Total savings (net)	155,500	800	27,600	82,500	185,600	362,600

Source: DWP estimates derived from the ONS WAS, GB, 2006/08

Notes on Tables A1.1 and A1.2:

1. An eligible employee is one who is not already in a qualifying pension arrangement, is aged 22 or over, is under State Pension age, earns more than a specific threshold relevant to the survey year and works or ordinarily works in the UK.
2. These figures are for all eligible employees, including those with no savings.
3. Private pension wealth excludes accrued rights to state pensions and pensions in payment.
4. Financial wealth excludes children's assets and trusts.

<sup>4</sup> <https://www.gov.uk/government/publications/automatic-enrolment-evaluation-report-2013>

<sup>5</sup> For more information see the introduction to Chapter 6: Private Pension Wealth, Wealth in Great Britain 2010-12 (ONS)- [http://www.ons.gov.uk/ons/dcp171776\\_362820.pdf](http://www.ons.gov.uk/ons/dcp171776_362820.pdf)



5. Some financial wealth and property tend to be held jointly by members of the same household. Such wealth has therefore been split equally among the number of adults in the household.
6. The mean and other summary estimates are expressed to the nearest £100.

## A2 Private pension wealth

Compared to the previous release of Wave 1 and 2 data, the methodological changes and data improvements have led to lower estimates of pension wealth but relatively unchanged estimates of membership levels following the changes mentioned above.

**Table A2.1 Private pension wealth for all eligible employees<sup>1,2,3</sup>, Great Britain 2008/10**

								£
	%	Mean	10th percentile	25th percentile (1st quartile)	50th percentile (Median)	75th percentile (3rd quartile)	90th percentile	
DB pension saving, of which:	53	64,000	0	0	3,400	55,000	184,400	
Current occupational DB pensions	43	52,900	0	0	0	38,500	155,800	
Retained rights in DB pensions	16	11,100	0	0	0	0	13,900	
DC pension saving <sup>5</sup> , of which:	39	13,900	0	0	0	8,000	36,300	
Current occupational DC pensions	17	4,400	0	0	0	0	7,500	
Retained rights in DC pensions	14	4,000	0	0	0	0	3,000	
Personal pensions	16	5,100	0	0	0	0	10,000	
AVCs	2	400	0	0	0	0	0	
Total private pension saving (excluding pensions in payment)	75	78,100	0	300	20,000	78,400	213,500	

Source: DWP estimates derived from the ONS WAS, GB, 2008/10

**Table A2.2 Private pension wealth for all eligible employees<sup>1,2,3</sup>, Great Britain 2006/08**

								£
	%	Mean	10th percentile	25th percentile (1st quartile)	50th percentile (Median)	75th percentile (3rd quartile)	90th percentile	
DB pension saving, of which:	46	55,000	0	0	0	42,900	155,100	
Current occupational DB pensions	41	48,100	0	0	0	32,800	138,500	
Retained rights in DB pensions	8	6,900	0	0	0	0	0	
DC pension saving <sup>5</sup> , of which:	39	13,100	0	0	0	6,900	30,000	
Current occupational DC pensions	18	5,100	0	0	0	0	6,500	
Retained rights in DC pensions	9	2,100	0	0	0	0	0	
Personal pensions	17	5,300	0	0	0	0	9,000	
AVCs	3	400	0	0	0	0	0	
Total private pension saving (excluding pensions in payment)	73	68,400	0	0	14,900	63,600	181,900	

Source: DWP estimates derived from the ONS WAS, GB, 2006/08

Notes on Tables A2.1 and A2.2:

1. An eligible employee is one who is not already in a qualifying pension arrangement, is aged 22 or over, is under State Pension age, earns more than a specific threshold relevant to the survey year and works or ordinarily works in the UK.
2. These figures are for all eligible employees, including those with no pension saving.
3. An individual may appear in more than one category as individuals may have more than one type of pension.
4. DC pension wealth also includes remaining value of pension funds for drawdown; results are not shown separately due to small sample size.
5. The mean and other summary estimates are expressed to the nearest £100.

## A3 Financial wealth

**Table A3.1 Net financial wealth for all eligible employees<sup>1, 2</sup>, Great Britain 2008/10**

	£						
				25th percentile (1st quartile)	50th percentile (Median)	75th percentile (3rd quartile)	90th percentile
	%	Mean	10th percentile				
Financial assets <sup>3 5</sup>	96	21,100	0	500	3,500	16,600	50,000
Financial liabilities <sup>4</sup>	51	3,200	0	0	100	3,300	10,200
Net individual financial saving <sup>7</sup>	100	17,900	-7,300	-600	2,100	15,200	48,000

Source: DWP estimates derived from the ONS WAS, GB, 2008/10

**Table A3.2 Net financial wealth for all eligible employees<sup>1, 2</sup>, Great Britain 2006/08**

	£						
				25th percentile (1st quartile)	50th percentile (Median)	75th percentile (3rd quartile)	90th percentile
	%	Mean	10th percentile				
Financial assets <sup>3 5</sup>	94	21,000	0	400	3,500	16,900	48,200
Financial liabilities <sup>4</sup>	51	3,000	0	0	0	2,900	9,400
Net individual financial saving <sup>7</sup>	98	18,000	-5,900	-200	2,000	15,300	46,700

Source: DWP estimates derived from the ONS WAS, GB, 2006/08

Notes on Tables A3.1 and A3.2:

1. An eligible employee is one who is not already in a qualifying pension arrangement, is aged 22 or over, is under State Pension age, earns more than a specific threshold relevant to the survey year and works or ordinarily works in the UK.
2. These figures are for all eligible employees, including those with no or negative financial savings.
3. Financial assets include current accounts (excluding overdrawn accounts), savings accounts, ISAs, National Savings certificates and bonds, shares, insurance products, fixed term bonds, PEPs, employee shares and share options, unit/investment trusts and bonds/gilts.
4. Financial liabilities comprise overdrawn current accounts, non-mortgage borrowing and arrears on household bills. Non-mortgage borrowing comprises credit or store cards that are not settled in full each month, overdrafts and all forms of fixed-term loans. Arrears are defined as falling behind with household bills, mortgages or non-mortgage borrowing repayments.
5. Joint accounts were split equally among the number of adults in the household to calculate individual financial saving.
6. The mean and other summary estimates are expressed to the nearest £100
7. The 100 per cent estimate for 'net individual financial saving' in A3.1 refers to the 69 per cent of individuals with net assets and 30 per cent with net liabilities. Figures do not add to 100 due to rounding. The 98 per cent estimate for 'net individual financial saving' in A3.2 refers to the 71 per cent of individuals with net assets and 27 per cent with net liabilities.

## A4 Property wealth

**Table A4.1 Net property wealth for all eligible employees<sup>1, 2, 3, 5</sup>, Great Britain 2008/10**

								£
	%	Mean	10th percentile	25th percentile (1st quartile)	50th percentile (Median)	75th percentile (3rd quartile)	90th percentile	
Main net property savings	80	51,900	0	6,000	37,000	72,000	125,000	
Other net property savings	13	9,200	0	0	0	0	12,500	
Total net property saving <sup>4, 6</sup>	82	61,100	0	9,000	40,000	79,000	140,000	

Source: DWP estimates derived from the ONS WAS, GB, 2008/10

**Table A4.2 Net property wealth for all eligible employees<sup>1, 2, 3, 5</sup>, Great Britain 2006/08**

								£
	%	Mean	10th percentile	25th percentile (1st quartile)	50th percentile (Median)	75th percentile (3rd quartile)	90th percentile	
Main net property savings	79	58,400	0	8,200	42,300	81,000	136,100	
Other net property savings	13	10,700	0	0	0	0	11,700	
Total net property saving <sup>4, 6</sup>	81	69,100	0	12,500	45,500	88,000	150,000	

Source: DWP estimates derived from the ONS WAS, GB, 2006/08

Notes on Tables A4.1 and A4.2:

1. An eligible employee is one who is not already in a qualifying pension arrangement, is aged 22 or over, is under State Pension age, earns more than a specific threshold relevant to the survey year and works or ordinarily works in the UK.
2. These figures are for all eligible employees, including those with no property wealth.
3. Respondents tend to over report the value of their property in the surveys. The point of reference is likely to be asking prices which they have seen advertised rather than 'sold prices', which reflect true market value.
4. Net property wealth is calculated as the sum of the values for the main residence plus any other property, minus the value of mortgage liabilities and equity release.
5. Property wealth held at household level were split equally among the number of adults in the household to calculate individual property wealth.
6. In Table A4.1, the 82 per cent with total net property wealth is smaller than the sum of proportions with main and other property wealth as some individuals own both types of property and are counted twice. In Table A4.2, the 81 per cent with total net property wealth is smaller than the sum of proportions with main and other property wealth as some individuals own both types of property and are counted twice.
7. The mean and other summary estimates are expressed to the nearest £100.

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