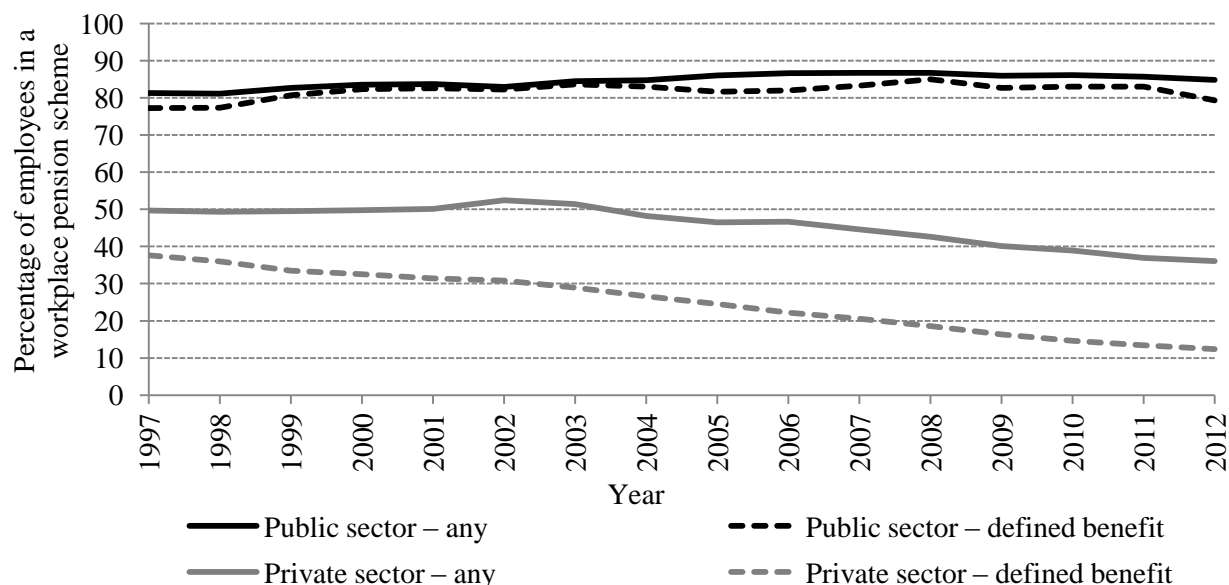


Online Appendix

Figure A1. Active membership of employer-provided pensions, by sector, 1997–2012



Note: Private sector includes non-profit institutions serving households.

Source: Authors' calculation using the ASHE, 1997–2012.

Table A1. Assumptions and data sources for valuing employer provided pensions

<i>Overall assumptions</i>	
Discount rate	3% + CPI
Life expectancy	ONS age/sex specific cohort life expectancy, adjusted for differential mortality by social class
Pension coverage	Imputed from ASHE
Difference between RPI and CPI	RPI is 1ppt higher per year than CPI
Employee contributions to pension	Imputed from ASHE
<i>Assumptions for DB pensions</i>	
Private sector final salary scheme rules	Normal Pension Age: 65 Accrual rate: 1/60th Indexation in deferral and payment: RPI
Public sector final salary scheme rules	Normal Pension Age: 60 Accrual rate: 1/80th + 3/80th lump sum Indexation in deferral and payment: RPI prior to June 2010, CPI after June 2010
Public sector career average scheme rules	Normal Pension Age: 68 (SPA) Accrual rate: 1/54th Revaluation in service: CPI+ 1.5% Indexation in deferral and payment: CPI
Pension tenure	Imputed from BHPS 2001/2005
Pay growth	Estimated from LFS based on age/ sex/ education/ sector, plus 2%+CPI economy wide earnings growth
<i>Assumptions for DC pensions</i>	
Employer contributions	Imputed from ASHE
Annual investment return	2% + CPI
Annuity rates	Mean sex-specific (no- guarantee) age 65 RPI-linked annuity rates

Table A2. Characteristics of active members of Defined Benefit pensions, by sector, 1997 and 2012

	<i>Private sector</i>		<i>Public sector</i>	
	1997	2012	1997	2012
Of those who are an active member of a DB pension:				
Female	37.6%	41.8%	60.5%	69.1%
Mean male life expectancy at 60	21.8	25.0	26.0	29.6
Mean female life expectancy at 60	24.6	27.9	28.8	32.5
Mean pension tenure	8.5	12.9	10.3	14.0
Mean age	39.0	44.3	40.5	43.1
Highest qualification: GCSE or lower	47.5%	36.0%	34.3%	29.1 %
Highest qualification: A-level or equivalent	32.3%	26.4%	34.5%	28.9%
Highest qualification: Higher education	20.3%	37.6%	31.2%	42.0%

Source: Authors' calculations using the LFS, BHPS and ASHE.