



**PENSIONS[®]
FORCE**

shows that you care.

The Government expects everyone to take more responsibility for their financial security in old age. Knowing how to do this is a challenge, especially if it's not clear what information is needed or who we should ask for help. Pensions often seem complicated or the information isn't given in a format which helps us make informed choices.

PENSIONSFORCE, wants to help you by offering information which is straight forward and show you where to go for more help. This leaflet answers some of the questions that people often ask about pensions.

There is a checklist at the back. Keep this safe as it may help you plan ahead.



Do you know your state pensions?

Does everyone get a State Pension?

Full State Pensions are only given to people who have paid enough National Insurance. So, unless you have been paying National Insurance for most of your working life, you may only get a reduced pension.

Some lower-paid people are now treated as having paid National Insurance even if they have not, and credits may apply for periods of unemployment or to carers who have stayed at home to look after someone else.

Some married women may not get a State Pension in their own right and instead get a pension based on their husband's National Insurance record.

How do I find out about my State Pension?

To find out if you are entitled to a State Pension and how much you have earned so far, you can ask for a quote from the Pension Service. There are three ways to do this.

Fill in a **BR 19** form and return it to the address on the form. Once you have sent the form back, the Pension Service will tell you how much your State Pension is to date, and how much it is expected to be when you reach your State Pension Age.

You can also fill in the form on the internet at www.thepensionservice.gov.uk, or you can phone the Pension Service on 0845 3000 168 and ask them to send you a forecast.

Can I increase my State Pension?

When you get your State Pension forecast, it will also tell you if you can increase it by paying extra contributions. Not everyone will be eligible as this only applies to people who have a shortfall in their National Insurance record.

When will I get my State Pension?

At the moment, men can start receiving their State Pension from age 65 and women from age 60, as long as they were born before 6 April 1950. Women born on or after 6 April 1955 have to wait until age 65. Women born between these dates can start to receive their State Pension between 60 and 65. If you get a quote from the Pension Service, it will show the exact date you can start to receive your pension. If you apply for a forecast via the internet there is a calculator which will work out your pension date.

The Government plans to raise the age when people can start to receive their State Pension to 66 from 2026, 67 by 2036 and 68 by 2046.

CAN YOU AFFORD TO RELY JUST ON YOUR STATE PENSION?



I have my employer's pension

How do I know what pension I will receive from my employer's pension scheme?

If you or your employer (or both) are paying into a pension scheme at work, your scheme booklet will explain this.

You are also likely to get a statement every year showing how much your pension is worth now, and what it is likely to be worth in the future.

If you can't find your booklet or statement, you should ask the person who pays your wages to tell you who to contact about your pension.

How do I find out when I can get my pension from my employer's pension scheme?

Pensions are paid when the rules of the scheme allow and again your scheme booklet should explain this. Pensions cannot be paid before age 50, except if you have to retire because of ill health. And from 2010, the minimum age will be 55. Many employers' pension schemes will only pay you a pension if you have retired from your job.

What is combined pension forecasting?

This is where your pension scheme has agreed to provide you with details of your State Pension and your work's pension at the same time. You will need to find out from the people running your pension scheme if they have decided to do this, because at the moment it's their choice whether to do it or not.

What about the pensions I had in my previous jobs?

To find out about your pensions from previous jobs, contact the person named on the pension statement that was given to you when you left. It is also important that you tell previous pension schemes if you change your address so that they know where to contact you.

If you don't have a statement or you don't know who to contact, write to the **Pension Tracing Service, The Pension Service, Tyneview Park, Whitley Road, Newcastle upon Tyne, NE98 1BA**. You can also phone them on **0845 6002 537** and ask for an application form, or fill it in on-line at www.pension.gov.uk.

Just because you leave your job, it doesn't necessarily mean you lose your pension too.

MAKE SURE YOU KEEP UP TO DATE WITH ALL YOUR EMPLOYERS' PENSIONS

Pensions are personal for me

I have a personal pension

If you don't belong to your employer's pension scheme or your employer doesn't have one, you might have chosen to take out a personal or stakeholder pension. Or, you might be a member of a personal pension scheme set up by your employer.

To find out more about the personal or stakeholder pension you currently have, or may have in the past, contact the organisation that runs your pension arrangement. Their address should be shown in the pack you were given when you first took out your pension, or on any updates you have received since then.

Do I get tax relief if I pay into a personal or stakeholder pension?

Yes. For example, if you decide you want to pay £100 into a personal or stakeholder pension and you pay income tax at the basic rate, you only need to contribute £80 of your own money because the Government tops this up to £100 by giving you tax relief on your contribution.

I can't work out what I will get when I retire

Every year you should receive a statement from the organisation that provides your personal or stakeholder pension showing how it has performed over the past year and what you might expect to receive from it when you retire. You need to look at this statement carefully, and if necessary get help to understand it, because this is the only way you will keep up to date with how it is performing.

How do I know if my pension will be safe?

Like many other things in life, pensions are not guaranteed but then neither are other forms of saving. For example, if you hope to use the proceeds of your house to live on when you retire, how do you know you will be able to sell it when you retire? You may need to go on living in it or the price you can sell it for may be less than you expected. Or, you may not have paid off your entire mortgage by the time you expect to retire and so you may have to continue paying it every month or postpone your retirement.

There has been a lot of publicity about pension schemes failing and the result of this is very real to those employees who have been affected. Just remember, however, there are estimated to be around 85,000 pension schemes in the private sector offering pension rights to around 17.3 million people. The number of these that have failed to deliver pensions is very small when compared to the number of schemes which continue to provide pensions as expected.

My employer has a pension scheme. Should I join it?

If you pay into your employer's pension scheme, you will normally gain from contributions paid by your employer. Often you are also covered for life insurance (you need to check this with your employer) and most importantly, any contributions you make benefit from tax relief. For example, if you are a basic rate tax payer and pay £100 into a pension scheme each month, the Government reduces your monthly tax bill by £20.

IF YOU DO NOT SAVE FOR YOUR RETIREMENT HOW WILL YOU FINANCE IT?

Save now, save early, save for longer

How can I tell if I am saving enough?

How much is enough depends on your personal circumstances and the choices you want to make.

First, you need to know how much you are likely to receive from:

- the State;
- your current employer's pension scheme;
- pensions from previous jobs; and
- if you have any, pensions from personal or stakeholder pension schemes.

If you are fairly young, you should take advantage of the fact that the earlier you start saving, the sooner you can start putting your money to work.

For example, if you invest £1000 and this earns 5% interest every year, you could have:

£1629 after 10 years;
£2653 after 20 years; and
£4322 after 30 years.

What else should I think about?

Remember, although State Pensions are currently increased in line with rises in the cost of living, Council Tax, water, gas and electric often increase at a higher rate.

Will your mortgage be paid off by the time you plan to retire?

Do you want to sell your house or stay in it after you retire?

What sort of lifestyle do you hope to maintain when you retire? For example, are you likely to travel more or take up new hobbies? If you are, you will need to think about ways of making sure that you will have enough income to carry out your plans.

Is it too late for me to start paying more towards my pension?

You might want help with identifying some of these issues. You can carry out a personal consumer health check on the internet by visiting www.fsa.gov.uk

You can also choose an independent financial adviser in your area to help you make your decisions, for example, pay more to get extra pension. Again, using the internet you can get a list of independent financial advisers at www.unbiased.co.uk. You can also write to **IFA Promotion Ltd, 90 St Vincent Street, Glasgow G2 5U.**

FIND OUT WHAT IS BEST FOR YOU AND DO IT



Check it out

Take your first step towards planning for your retirement by completing this checklist.

State Pensions

I have filled in form BR19 requesting a State Pension forecast on/...../..... (date).

My State Pension is £ on/...../..... (date).

It is expected to be £ on/...../..... (date).

Request an update of my State Pension forecast on/...../..... (date).

(Married women only) I am not entitled to a State Pension in my own right.

My husband will receive his State Pension on/...../..... (date).

Employer, personal and stakeholder pensions

I have no pensions in my own right.

I only have a State Pension.

I have a State Pension and other pensions.

I have checked all my pensions and made a record of the name and address of the organisation that will provide each of these.

I have recorded the dates when I can claim each of my pensions.

I have kept all my pension statements in a safe place

Retirement Planning

Is it possible to maintain my current standard of living when I retire? Yes No

How am I going to do this?

I only have a State Pension or very little extra pension Yes No

I plan to retire before I am entitled to claim my State Pension? Yes No

How will I pay for this?

I have worked out my potential income when I retire. Yes No

I will not have enough income when I retire. Yes No

I have arranged an appointment/made contact with an independent adviser Yes No

If your employer has a pension scheme and you have not joined it, think about this decision carefully and get independent financial advice.

If you are young, don't put off saving for your retirement. You may regret it and have to work a lot longer than you expect.

PENSIONSFORCE
- PLANNING FOR PENSIONS





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shows that you care.

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