

PUZZLED BY PENSIONS? 10 REASONS NOT TO OPT-OUT OF A WORKPLACE PENSION SCHEME



1. Comfortable retirement ...
Most people no longer want to work when they reach retirement age. The sooner you start saving for retirement you will be in a better financial position when you get older, and if you would prefer not to work – or can't work – you may not have to.



2. Employer contributions ...
Employers will often match or exceed the contributions you pay into your pension. It's not cash you will see in your pay packet, but it's invested for your future.



3. State Pension alone is not enough to live on ...
The State Pension should be seen as a foundation. From April 2022, the full new State Pension will be £185.15 per week, around £9,627.80 a year. Your workplace pension will boost this to a more comfortable amount to live on.



4. It's easy ...
Your employer's workplace pension scheme is already set up and, if you meet certain criteria, you will be auto-enrolled and your contributions will be deducted from your pay each month. You don't actually need to do anything. If you are not in your employer's workplace pension scheme, find out why.



5. It's safe ...
Once your money is in your pension pot it's safeguarded for you until you are ready to retire.



6. It does not cost as much as you think ...

Your pension contributions benefit from tax relief, so for every £1 paid into your pension pot you only pay 80p.

7. Tax-free lump sum when you retire ...

You can currently take up to 25% of your pension pot as a tax-free lump sum. Since April 2015, you now have more options on what to do with the remaining amount - convert it into a regular income or take it as cash subject to tax.



8. You can pay extra if you like ...

Your employer will tell you how much you can pay - however, if you can afford to, you can pay additional contributions.

9. Reduced administration charges ...

If you take out a personal pension you may have to pay a set-up fee or an annual management fee to the fund manager. Employers can usually negotiate lower fees than an individual.

10. Life insurance ...

Many employers will also provide life insurance cover for members of their pension scheme.



If you do decide to opt-out ...
As long as you still meet the criteria, your employer is required to re-enrol you back into the pension scheme every three years. So, in three years' time if your situation has changed you may be in a position to stay in the scheme.

For further information contact Usdaw's Pensions Section on 0161 224 2804 or email pensions@usdaw.org.uk

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Stock photography, posed by models

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