Pensions the Basics

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Department
for Work &
Pensions

Introduction

Everyone needs to plan for their retirement. People are living longer and healthier lives, so it's even more important to think about how and when to save for retirement and how long to keep working.

Pensions can be confusing and many people don't know where to begin. Putting money aside for your retirement can seem difficult, especially when there are so many other things to pay for.

But, with a bit of planning, you can help yourself to get ready for retirement. Making changes now can make a difference to your life in the future. The earlier you start, the better. Don't assume you have left it too late to make decisions about your pension arrangements.

This guide will help you understand the basics about pensions. These include:

- what you can get from the State (the government) when you retire
- some of the choices you can make about your money to prepare for your retirement
- where you can get more information so you can start planning for your retirement now, and
- practical steps to help you save for your retirement.

This leaflet is only a guide and does not cover every circumstance. We have done our best to make sure the leaflet is correct as of April 2013. Some of the information may be oversimplified or may become inaccurate over time, for example because of changes to the law. We recommend that you get independent advice before making financial decisions based on this leaflet.

Contents

Pensions: a note about recent changes

This section gives a brief summary of recent changes to pensions. Please also see the main part of this guide for more about these changes.

Under the Pensions Act 2008, starting from October 2012 employers must offer a 'qualifying workplace pension scheme' to their workers, and automatically enrol all eligible workers into that scheme. A 'qualifying' scheme is one that meets the government's new standards.

www.gov.uk/workplace-pensions

Under the Pensions Act 2011 women's State Pension age will increase more quickly to 65 between April 2016 and November 2018. From December 2018 the State Pension age for both men and women will start to increase to reach 66 in October 2020. You can read more about these changes online.

www.gov.uk/state-pension

The government has published its plans to change the State Pension by replacing the present scheme with a simpler, single-tier State Pension. If the proposals are approved by Parliament, the government plans to introduce the new scheme in April 2016.

If you are already getting your State Pension, or will reach State Pension age before the single-tier State Pension comes in, you will continue to get your State Pension in line with the present rules.

You can find more information about these plans online.

www.dwp.gov.uk/single-tier-pension

1 Getting started

What is a pension and why do I need one?

A pension pays you a regular income to live on when you retire. It is one of the most tax efficient ways to save for your retirement because you can get tax relief on the money you pay in. We explain more about tax relief and pensions in section 2.

If you are a member of a workplace or personal pension scheme, the amount of pension you get when you retire depends on how the scheme works. This can include things like:

- how long you have been a member of the scheme,
- how much has been paid in (contributed) over time,
- how the money is invested, and
- how much you earned when you were at work.

For more about how different types of pension work, see section 2.

In the case of the State Pension, you pay money from your wages to the government through your National Insurance contributions. In some circumstances, even if you are not working, you are treated as if you have contributed. If you have enough National Insurance contributions, you will then receive State Pension when you retire.

Everyone needs money to live on when they retire and it's really important to think about long term savings. Your retirement could last for around a third of your life. When you are retired, you will still need to pay bills and you will want to have money to enjoy your extra leisure time.

There are different types of pension:

- the State Pension – this is made up of the basic State Pension and the additional State Pension
- workplace pensions – for example, occupational, company and group personal pensions, and
- pensions you take out yourself – for example, personal or stakeholder pensions.

Find out online about planning and saving for later in life.

www.gov.uk/plan-retirement-income

When should I start saving?

Like many people, you may feel that your retirement is too far away to think about. Maybe you think you can't afford to save for the future now, when there are so many other things you have to pay for.

The earlier you start saving for your retirement, the more money you're likely to have to enjoy yourself – and pay the bills – when you retire.

Remember

- Don't worry if you can only save a few pounds a week at first. Even if it's a small amount, the money you put away can build up over time.
- As your earnings go up, think about increasing your pension payments.
- And don't assume you have left it too late to do anything – it's always worth looking again at your pension arrangements.

How much will I need when I retire?

The State Pension will give most people a basic income when they retire. But only you can decide the kind of lifestyle you want during retirement, and what you need to do to achieve it.

Some living costs may be lower when you retire. You may have paid off your mortgage and you may no longer have to support a family. But some costs, such as heating and health care may increase. Also, you may have more leisure time and the costs that may come with leisure activities.

Everyone's situation is different, and everyone has different needs. Most people base their decision about how much to save on how much they can afford to save.

Planning for your working life and retirement is getting more and more important. You may have a lot of flexibility and choice in how you work, which makes it easier to balance your working and home life. More employers now understand the advantage of employing and keeping their older workers. For information about working and retirement go to

www.gov.uk/plan-retirement-income

How do I know if I should save more?

To help you decide if you should start saving more for your retirement, you need to look at your finances in the following ways:

- Get an estimate of how much your State Pension might be and the earliest date you can get it from. This could help you decide whether you are saving enough for your retirement and whether you need to save more. See page 50 for details of how you can get an estimate of your State Pension.

- If you are a member of a workplace pension scheme, your employer or pension provider may send you a pension statement every year. This shows how much you might get from the scheme when you retire. If you haven't had a statement, you can ask your employer or pension provider to send you one.
- If you are a member of a personal pension scheme (see page 32), your pension provider will send you a pension statement every year. This shows how much your personal pension fund is likely to be worth when you retire. A pension fund is usually made up of shares and other financial products. If you haven't had a statement, you can ask your pension provider to send you one.
- If you change jobs several times during your working life, it can be easy to lose contact with a previous employer and their pension scheme. If you think you may have one or more workplace or personal pensions but you don't know the full details, contact the Pension Tracing Service. If you can give details of the company who you worked for, or the provider you had your pension(s) with, the Pension Tracing Service may be able to give you the scheme's contact details. You do not have to pay for this service. Once you have the contact details you can ask the pension provider to check whether you have a pension with them. See page 51 for the Pension Tracing Service contact details.

If you don't think you will have enough money to live on when you retire, think about whether you can afford to save more by paying more money into an existing pension scheme. Or you could start to save in another pension scheme or look into other ways to save.

Take action

- Get an estimate of your State Pension. See page 50 for details of how you can get an estimate of your State Pension and the earliest date you can get it from.
- Trace a pension, free of charge. Contact the Pension Tracing Service (see page 51).

Are there other ways to save?

A pension is not the only way to save for your retirement. If you are near retirement age or you already have a workplace and/or personal pension, you may want to look into other savings options, such as putting money into an Individual Savings Account (ISA).

This is also an efficient way to save, as you pay no tax on the income you get.

For more about ISAs go to
www.hmrc.gov.uk/isa

You may have other plans to get money to live on when you retire, for example investing in property, bonds or stocks and shares, or selling your business or home. You need to find out how much these may be worth, or how much regular income you may get from them when you retire.

You may also choose to stay in work longer. This can help you build up a better income for your retirement as well as giving you more income now. See page 44 for more about working for longer.

For impartial information on savings, investments and financial planning, go to the Money Advice Service website or call the Money Advice Line. See page 52 for their contact details.

What happens when my situation changes?

Most people's lives and personal circumstances will change before they reach State Pension age. For example, you may change your job or decide to become self-employed. Or you may not be able to work for long periods while you look after someone. Or you may be injured or unable to work through ill health.

These changes may mean you need to save more, or that you need to pay less into your pension for a while. Other important changes can affect the amount of money you may get. For example, you may go to live and work abroad, get married or form a civil partnership or get divorced or dissolve (legally end) your civil partnership. When important changes like this happen, it's a good idea to look again at your pension arrangements.

Take action

- Go to **www.hmrc.gov.uk/isa** or contact HM Revenue & Customs for more information about ISAs. See page 52 for details.
- Call the Money Advice Line, or go to the Money Advice Service website, to find out more about pension schemes, how to save, how to plan your finances, and how changes in your life can affect your pension. See page 52 for contact details.
- Contact DWP for information and help about State Pensions. For more information about workplace pensions, visit **www.gov.uk/workplace-pensions**. See page 49 for details.
- Get help and advice from an independent financial adviser. See page 56 to find out how.
- Get an estimate of your State Pension – see page 50. Also see page 57 for how to get copies of free leaflets about pensions.
- Contact the Pensions Advisory Service for more information on pension schemes. See page 53 for details.

2 Understanding your options

What is the State Pension?

The State Pension is made up of:

- the basic State Pension, and
- the additional State Pension.

You may get one or both of them when you reach State Pension age. To get them, you need to have paid, been treated as having paid, or been credited with, National Insurance contributions over a certain period of time. See page 17 to find out more about this. Remember that although the State Pension will give you a basic income, you need to think about other savings too, so that you can have the lifestyle you want when you retire. You'll find information about workplace, personal and stakeholder pensions on pages 24 to 43. Page 10 gives information about other ways to save.

What is State Pension age?

The date you reach State Pension age depends on when you were born.

At the moment, the State Pension age for men born before 6 December 1953 is 65.

For women born after 5 April 1950 but before 6 December 1953, the State Pension age is between 60 and 65.

Increase in State Pension age to 66

Under the Pensions Act 2011, women's State Pension age will go up from 63 to 65 between April 2016 and November 2018. From December 2018 the State Pension age for both men and women will start to go up to reach 66 in October 2020.

These changes will affect you if you're:

- a woman born on or after 6 April 1953
- a man born on or after 6 December 1953

Future changes to State Pension age

Under the present law the State Pension age will go up to:

- 67 between 2034 and 2036
- 68 between 2044 and 2046

However, the government has announced its intention to bring forward the date for increasing the State Pension age to 67. This change is not yet law, but if it is approved by Parliament it will affect everyone who was born between 6 April 1960 and 5 April 1969. The government is also considering how the State Pension age should be changed in the future. This may mean the timetable for the increase to 68 could be revised. Any change to the timetable would need Parliament's approval. You can find information online about State Pension age.

www.gov.uk/calculate-state-pension

You don't get your State Pension automatically – you have to claim it.

You don't have to retire when you reach State Pension age. You can:

- keep working, even though you are getting your State Pension, or
- put off getting your State Pension until later. This will give you a higher weekly State Pension, or a one-off cash lump-sum payment (which you will have to pay tax on), depending on how long you put off getting it.

The changes to State Pension age will not affect the age when you can get any workplace, personal or stakeholder pension you may be entitled to.

What is the basic State Pension?

The government pays the basic State Pension to people who are entitled to it. The earliest you can get it is from State Pension age.

You are entitled to a basic State Pension if you have enough years when you:

- paid enough National Insurance contributions
- were treated as paying National Insurance contributions, or
- were credited with National Insurance contributions.

See pages 17 to 18 for more about paying National Insurance contributions. Pages 15 to 16 tell you how many years contributions you need. Most employers will take your National Insurance contributions from your wages. Your pay slip shows how much you are paying. Your employer also pays National Insurance contributions for you. If you are self-employed, you are responsible for paying your own National Insurance contributions.

If you haven't always worked and paid National Insurance contributions from your wages, you may still be able to receive National Insurance credits. These situations include periods when:

- you have been out of work
- you have not been able to work because of illness or injury, or
- you have received Carer's Allowance because you were caring for someone who was disabled.

From 6 April 1978 to 5 April 2010, you could get help through Home Responsibilities Protection, if you were:

- caring for a child under 16 and you got Child Benefit for that child
- caring for a disabled person, or
- an approved foster carer.

Home Responsibilities Protection reduced the number of years of contributions or credits needed to get a full basic State Pension.

If you reach State Pension age on or after 6 April 2010, any years of Home Responsibilities Protection you gained before 2010 have been converted to qualifying years of credits, up to a limit of 22 years.

New Specified Adult Childcare credits were introduced by the government from the 2011-12 tax year. You may be able to get these credits if you care for a family member under 12 and you're an adult under State Pension age. These credits count towards basic State Pension and some Bereavement Benefits.

You have to apply for the credits; they will not be added to your National Insurance contribution record automatically.

For information online **www.gov.uk/national-insurance-credits/eligibility**

How is my basic State Pension worked out?

People get different amounts of State Pension. This depends on how many years they have paid or are treated as having paid National Insurance contributions, or have been credited with them.

These are known as 'qualifying years'.

State Pension qualifying years

At the moment, men and women reaching State Pension age on or after 6 April 2010 need 30 qualifying years to get a full basic State Pension.

If you don't have 30 qualifying years for a full basic State Pension, each qualifying year that you do have will give you 1/30th of the full basic State Pension. (But you can't get more than 30/30ths.)

For information online
www.gov.uk/state-pension/eligibility

The number of qualifying years for a full basic State Pension is different for people who reached State Pension age before 6 April 2010:

- Women normally need 39 qualifying years to get a full basic State Pension.
- Men normally need 44 qualifying years to get a full basic State Pension.
- To get the lowest amount of basic State Pension (25% of a full basic State Pension) you normally need 10 or 11 qualifying years, depending on your State Pension age. If you had fewer qualifying years than this, you would not normally get any basic State Pension.
- If you had Home Responsibilities Protection, the number of qualifying years you needed to get a State Pension was lower.

The government has published its plans to change the State Pension by replacing the present scheme with a simpler, single-tier State Pension. If the proposals are approved by Parliament, the government plans to introduce the new scheme in April 2016. The government has made it clear that it will take into account National Insurance contributions you have made before the introduction of the new scheme.

If you are already getting your State Pension, or will reach State Pension age before the single-tier State Pension comes in, you will continue to get your State Pension in line with the present rules.

For more information, go to
www.dwp.gov.uk/single-tier-pension

Basic State Pension – the main facts

When can I get it?

You can get the basic State Pension from State Pension age onwards.

How much do I pay?

The basic State Pension is based on the amount of National Insurance contributions you have paid (or are treated as having paid, or have been credited with).

How much do I get?

If you decided to claim in the tax year 2013/14 and you qualified for a full basic State Pension on your own National Insurance contributions, you would get £110.15 a week.

How do I pay my National Insurance contributions?

- If you are in paid work and earn more than £149 in any week (for 2013/14) from one employer, you will pay National Insurance contributions from your wages.
- If you are in paid work and earn between £109 and £149 in any week (for 2013/14) from one employer, you will be treated as if you have paid National Insurance contributions for that week.
- If you have not been able to pay National Insurance contributions (for example, if you haven't been able to work because of illness or because you have been looking after a disabled person and getting Carer's Allowance), then you may be given National Insurance credits.
- From 6 April 2010, you may also be given credits for periods when you are caring for children under 12, are a foster carer or looking after one or more sick or disabled people for at least 20 hours a week.
- For any period you are self-employed, you must pay National Insurance contributions to HM Revenue & Customs yourself. If you are on a low income, you may be able to apply not to pay National Insurance contributions, but HM Revenue & Customs must agree to this. See page 51 for contact details.

- In some situations you may be able to use your wife's, husband's or civil partner's National Insurance contributions to help you get a better State Pension.

What if I have gaps in my National Insurance record?

You may be able to pay voluntary Class 3 contributions if you have gaps in your National Insurance record. This would mean that years that would not normally be qualifying years would count towards your basic State Pension. There are time limits for paying voluntary Class 3 National Insurance contributions. You must normally pay them within six years of the end of the tax year for which you are paying.

Changes which were introduced from April 2009.

If you reach State Pension age between 6 April 2008 and 5 April 2015 you may be able to pay voluntary Class 3 contributions for up to six more years from 6 April 1975, to cover years that do not currently count towards your basic State Pension. You must already have 20 qualifying years (including years of Home Responsibilities Protection). And if you reached State Pension age before 6 April 2010, you must have at least one qualifying year of paid or 'treated-as-paid' National Insurance contributions.

You have six years from the date you reach State Pension age to pay any additional Class 3 National Insurance contributions. You do not have to wait until you reach State Pension age to pay.

Voluntary Class 3 contributions paid after you reach State Pension age only count towards your basic State Pension from the date they are paid.

You cannot pay voluntary Class 3 contributions for any full tax year covered by a married woman's or widow's reduced rate election. If you cancelled your election part way through a tax year you may be entitled to pay voluntary Class 3 National Insurance contributions for the whole of that tax year.

For information online
www.gov.uk/voluntary-national-insurance-contributions

You may need to look at the government's plans for a new single-tier State Pension when you are considering making voluntary payments.

The plans will not affect anyone reaching State Pension age before the changes are introduced.

For more information about these changes go to **www.dwp.gov.uk/single-tier-pension**

Take action

- Get an estimate of your State Pension. See page 50 for details of how to do this.
- Ask for our leaflet about the State Pension. It has helpful information for carers and parents, and people who are self-employed. To order a copy, see page 57.
- Go to **www.hmrc.gov.uk/national-insurance** to find out more about National Insurance contributions, or contact HM Revenue & Customs. See page 51 for their contact details.

What is the additional State Pension?

The additional State Pension is the earnings-related part of the State Pension. The amount you get depends on your earnings and the National Insurance contributions you paid (or are treated as having paid) during the whole of your working life.

Your additional State Pension is also called the State Second Pension. This used to be known as the State Earnings-Related Pension Scheme (SERPS).

You may get a shared additional State Pension if, after December 2000, you got divorced, your marriage was annulled or your civil partnership ended.

For any period you are self-employed you cannot get any additional State Pension for the National Insurance contributions you pay.

Proposed changes to the additional State Pension

The government has published plans to replace the existing State Pension scheme. If the plans are approved by Parliament, the government will introduce the new scheme in April 2016. Under these plans, the additional State Pension scheme (previously called the State Earnings-Related Pension Scheme (SERPS), now called the State Second Pension) would close and be replaced by a flat-rate, single-tier State Pension. The government has made it clear that it will take into account National Insurance contributions you made before the introduction of the new scheme. The information in this leaflet explains the additional State Pension under the rules as they are now.

Additional State Pension – the main facts

When can I get it?

You can get the additional State Pension at the same time as you get your basic State Pension. But you don't have to retire at State Pension age, and you can choose to put off getting your basic State Pension and additional State Pension until later.

How much do I pay?

The additional State Pension is based on the amount of National Insurance contributions you have paid (or are treated as having paid), above the level needed to qualify for the basic State Pension.

How much do I get?

The amount of additional State Pension you may get depends on your earnings. The more you were earning (up to the Upper Accrual Point of £40,040), the more additional State Pension you will get. Since 2002, people who earn a 'low' or 'moderate' wage can also get an increased additional State Pension. (In 2013/14 a low wage is between £5,668 and £15,000, and a moderate wage is between £15,000 and around £33,700.)

So, if you work for an employer and you earn more than £5,668 (in 2013/14) from any one job, you will be included in the additional State Pension scheme. And, in some cases, carers and people with long-term illnesses or disabilities who are not in work may get additional State Pension at State Pension age. To order a leaflet about this, see page 57.

Are there any times when I cannot contribute towards the additional State Pension?

You are unlikely to get additional State Pension at State Pension age for any period of time when you:

- are not working (but see the section 'How much do I get?' on the previous page for certain exceptions)
- are self-employed
- earn less than a certain amount a year (£5,668 for 2013/14 from any one job)
- have 'contracted out' of the additional State Pension (see below) and instead you pay into a workplace or defined benefit (salary related) pension scheme, and you earn more than the low earnings threshold (£15,000 in 2013/14).

Contracting out

If you work for an employer and you earn more than £5,668 (in 2013/14), you will be included in the additional State Pension scheme. It is possible to contract out of (leave) the additional State Pension to build up benefits in an alternative pension scheme if your employer has a contracted-out salary-related (defined benefit) workplace pension scheme that you are eligible to join. Both, you and your employer will pay lower rates of National Insurance contributions. A defined benefit pension scheme is an arrangement some employers set up to give the people who work for them a pension when they retire. Most or all of your additional State Pension will then come from your employer's scheme. Your basic State Pension will not be affected.

Abolition of contracting out for defined contribution pension schemes

The rules on contracting out changed in April 2012. Under the new rules, if you were contracted out into a stakeholder pension, a personal pension or some workplace pension schemes, you were brought back into the additional State Pension scheme. At the moment you can only be contracted out if you are in a workplace pension scheme and the pension you will get is based on your salary.

Important information - future changes on contracting out

The government has published plans to replace the present State Pension scheme. If the plans are approved by Parliament, the government will introduce a single-tier State Pension in April 2016. Under these plans, the State Second Pension will close. Contracting out of the State Second Pension for defined benefit schemes (giving up your entitlement for getting a similar salary-related workplace pension and the payment of a lower National Insurance rate for you and your employer) will come to an end. If you are contracted out, you will be brought fully back into the state system. Everyone will pay the same rate of National Insurance and become entitled to State Pension in the same way.

Take action

To check if you are already contracted out of the additional State Pension into a workplace pension scheme, you should look at your pension documents; contact your employer or pension provider. You can also check if you are already contracted out, by calling the HM Revenue & Customs 'Contracted-out pensions' helpline. See page 51 for contact details.

What if I want more money than my State Pension when I retire?

One of the most common ways of doing this is to plan for retirement by making payments into a pension, such as a workplace pension (if your employer runs one and you are able to join it), a personal pension or a stakeholder pension.

There are also other ways to help increase your income when you reach retirement. For example, you can do this by:

- taking partial retirement and continuing to work, part-time
- putting off getting your State Pension (see page 44).

The next few pages say more about these choices, to help you start planning for your retirement now. There's information online about planning and saving for later in life.

www.gov.uk/plan-retirement-income

What are the benefits of saving in a pension scheme?

There are two main benefits of saving for your retirement in a pension scheme:

- you get tax relief on the money you pay in, and
- your employer may agree to make payments into your workplace or personal pension scheme. See page 31 for more about tax relief in workplace pension schemes. For more information about tax relief on money you save in a personal or stakeholder pension scheme, see page 34.

You can also contact HM Revenue & Customs for more information about tax relief. See page 51 for details.

Remember

It is also important to remember that no financial product, including pensions, is completely free of risk. With certain types of pension (known as a defined contribution or a money purchase pension scheme), the amount of pension you get depends mainly on how much money is invested in the pension, and how well those investments have performed by the time you retire.

Pensions are a long-term investment. This guide gives you basic information about the choices available at the moment.

For more information to help you decide what's best for you, you may find it useful to contact the Money Advice Service or the Pensions Advisory Service. Or you can get advice from an independent financial adviser (you will have to pay for their services). See page 56 for more information and contact details.

What is a workplace pension scheme and automatic enrolment?

A workplace pension is a way of saving for your retirement which is arranged through your employer. It is sometimes called a 'company pension', an 'occupational pension', a 'group personal pension' or a 'works pension'.

Starting from October 2012 all employers, beginning with the largest, will have to enrol all their eligible workers into a qualifying workplace pension scheme and pay in a minimum contribution. A 'qualifying' scheme is one that meets the government's new standards. See page 31 for more information. You can choose to opt out of the scheme if you want to.

But if you stay in you'll have your own pension pot which you use to buy a retirement income (you may also see this called an 'annuity') when you retire. Different arrangements are in place for defined benefit pension schemes. The government will also pay into it, in the form of tax relief. This means some of the money you earn, instead of going to the government as 'Income Tax', will go into your pension pot.

Schemes used for automatic enrolment must meet certain qualifying criteria set out in law. These schemes are known as 'qualifying schemes' (schemes which meet the government's new standards). Whether you are automatically enrolled into a workplace pension will depend on whether or not you are already in such a scheme, how much you're earning and your age. There's information about this and about automatic enrolment on page 31. Alternatively, there's information online.

www.gov.uk/workplace-pensions

Workplace pensions – the main facts

When do I get it?

The law normally allows you to take an income from your pension savings once you reach age 55. This depends on your pension scheme rules. However, you will usually be able to start claiming your full pension and benefits at age 60 or 65. Ask your employer for details if you are not sure of the retirement age for your scheme. However, you don't have to retire from all work to get a workplace pension – and in some cases you can even keep working for the employer that is paying your pension.

How much do I pay in?

Different schemes have different rules. Usually, you pay a monthly amount that is a percentage of your salary. You may also be able to make extra payments if you want a larger pension fund when you retire.

How much do I get?

The amount of pension you will get depends mainly on the type of scheme you belong to and how long you have paid into it:

- In a defined benefit pension scheme, your pension depends mainly on the number of years you belong to the scheme, and what you earn.

- In a defined contribution pension scheme, your pension depends mainly on how much money you and your employer have paid into your fund and how well the scheme's investments have performed by the time you retire.

Every year, your employer or scheme may send you a statement of how much pension you might get when you retire. This will help you decide if you need to save more.

If you don't get a statement every year, you can ask your employer or pension provider for one. See below for more about these two types of pension scheme.

1 Defined benefit pension schemes

These are also called salary-related pension schemes. In a salary-related scheme, the pension you get is based mainly on the number of years you belong to the scheme and your earnings. Your pension may be based on your earnings at the time you retire or leave the scheme, or on your average earnings during the time you were a member of the scheme. In some schemes only your basic salary counts towards your pension. But some schemes include other payments, such as overtime and bonuses.

You usually have to make payments into the scheme on top of those made by your employer. When you reach the scheme retirement age, you will be able to draw a pension that the scheme itself will normally pay you direct. You may also have the option of taking a tax-free cash lump sum with a lower pension. In some public-sector schemes you will always get a lump sum as well as a pension.

2 Defined contribution pension schemes

These are also known as money purchase pension schemes. In a money purchase scheme, any contributions that you and your employer make are invested in things like bonds, stocks and shares. How much you get when you retire depends mainly on how much money you and your employer have paid into the scheme, how well the investment has grown, and the age you decide to retire. As you approach retirement some schemes may automatically switch your investments into lower risk assets, that are less likely to be affected by short term ups and downs in their value. This is known as 'lifestyling'. If you don't know if this will happen to your fund, your pension scheme will be able to tell you.

The reason why this type of pension scheme is called a 'money purchase scheme' is because when you retire, the money in your fund can be used to purchase (buy) a regular income for life.

What are the benefits of a workplace pension?

A workplace pension has three important benefits:

- You get tax relief on the money you pay in. Tax relief means that some of the money you would have paid to the government in the form of Income Tax goes into your pension pot instead. How much tax relief you get depends upon the rate of Income Tax you pay:

  If you are under age 65

  - If your yearly taxable income is over £9,440 but under £41,451, then you pay the basic rate of Income Tax (20% in 2013/14). Tax relief means that for every £100 that goes into your pension, £20 is tax relief from the government.

- If your yearly taxable income is £41,451 to £150,000, then you pay the higher rate of Income Tax (40% in 2013/14). Tax relief means that for every £100 that goes into your pension, £40 is tax relief from the government – this could either be as an increase in your pension contribution, or a reduction in your tax bill.
- If you are an additional-rate taxpayer that is, your income is over £150,000, you could get 45% tax relief on your contributions.
- Some tax payers will receive two rates of tax relief on their contributions. This will happen if your earnings are just above the tax threshold for higher or additional rate tax. For example, if you earn £45,440 and pay pension contributions of £4,500, you will get tax relief at 40% on £3,989 of your contributions, and at 20% on the remaining £511, either as an increase in your pension contribution, or a reduction in your tax bill.
- If your yearly taxable income is less than £9,440 you may still get tax relief from the government.

For information online
www.gov.uk/income-tax-reliefs

If you are over age 65, you can see the different rates of tax allowances by going to **www.gov.uk/income-tax-rates**

- Your employer may make payments into the scheme.
- You can get extra benefits. For example, schemes often provide a pension for your dependants if you should die before them. Check with your scheme to see if they do this and to find out what benefits they provide.

Take action

You can contact your scheme for more information about how tax relief works. Or you can go to
www.gov.uk/income-tax-reliefs

If you are not already a member of a workplace pension scheme find out if your employer offers one.

If you are already a member of a workplace pension scheme, remember that you may be able to increase the amount you pay into your scheme. Ask your employer for more information.

Things to remember when you join a workplace pension scheme

- Before you join a workplace pension scheme, check two important things. How much you will have to pay, and what contributions your employer is going to make.
- The scheme is connected to your job. So if you leave your job you need to check what will happen to your pension. Your new employer may let you transfer your pension to its own workplace scheme.
- If you decide to leave your money and benefits in your previous employer's scheme, you can still join another workplace pension scheme.
- No financial products, including pensions, are completely free from risk. For example, your employer may go out of business. Or they may decide to change or close their scheme for another reason, which could mean you get less than you expected. See page 30 for more information. Also, the amount of pension you get may depend on how well the scheme has performed by the time you retire.
- If you have enhanced protection or fixed protection from the lifetime allowance tax charge you should opt out of the scheme within 30 days of joining the scheme. If you don't do this you will lose your protection.

Some common questions about workplace pensions

What if I work part-time?

If you work part-time and your employer has a workplace pension scheme, you will usually be allowed to join it.

Do I still get the additional State Pension?

If your scheme is contracted out, you will lose some or all of your additional State Pension because you will get your workplace pension instead.

What if my employer doesn't offer a workplace pension scheme?

If your employer does not offer a workplace pension scheme you can choose to take out a personal or stakeholder pension. But please see the sections 'Change to workplace pensions from 2012' on page 31 and 'What is a personal pension?' on page 32.

What happens if my employer goes out of business or the workplace pension scheme ends (known as 'winding up') for some other reason?

If your employer goes out of business or your scheme winds up (for whatever reason), there is a chance that you may get less pension than you expect when you retire.

The government has set up two organisations:

- The Pension Protection Fund, which may pay compensation to members of defined benefit pension schemes if their employer goes out of business, and
- The Pensions Regulator, which helps protect members of all workplace pension schemes.

If you think your pension scheme may wind up, it's important to understand your choices and to find out what is best for you in your situation.

Take action

- The Pensions Advisory Service can give you information, and help you with workplace pension schemes. See page 53 for their contact details.
- For legal or financial advice about your personal situation, you can contact a Citizens Advice service (see page 56) or an independent financial adviser (see page 56).
- To find out more about the Pension Protection Fund, see page 53 or the Pensions Regulator, see page 54.

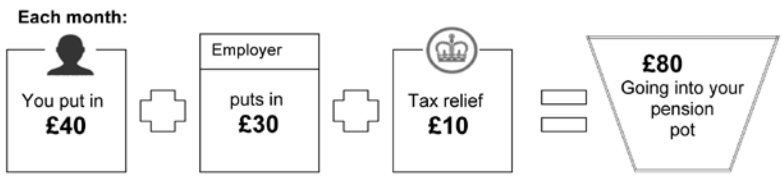
Changes to workplace pensions from 2012

Starting from October 2012, every employer must automatically enrol all workers into a workplace pension scheme if they:

- are at least 22 years old
- work or usually work in the UK
- have not yet reached State Pension age
- earn more than £9,440 a year (for 2013/14. This figure will be reviewed every year), and
- are not already in a workplace pension scheme which meets certain government standards.

The timing of when each employer will automatically enrol their workers depends upon their size. Very large employers are doing it first, in late 2012 and early 2013. Other employers will follow between 2013 and 2018, your employer will give you the exact date nearer the time.

You can choose to opt out of the scheme if you want to, but if you stay in you will have your own pension pot which you open when you retire. You and your employer will both pay into it. The government will also contribute to your pension pot, through tax relief. Tax relief means some of your money that would have gone to the government as tax, goes into your pension instead.



The figures in this example are based on: the worker getting a monthly pensionable pay of £1,000; a 4% contribution from the worker; a 3% contribution from the employer and 1% in tax relief.

The government has set a minimum percentage that has to be paid in by your employer, as well as a minimum percentage that has to be paid in altogether (your contribution, your employer's contribution and tax relief added together).

You and your employer can pay in more than the legal minimum. You can pay in less - as long as your employer's contribution means at least the minimum is paid.

If your employer offers you a defined contribution scheme, the minimum amounts can go up in October 2017 and October 2018. Most defined benefit schemes pay above the minimum.

The minimum you pay	The minimum your employer pays	The government pays
0.8% of your 'qualifying earnings' rising to 4% by 2018.	1% of your 'qualifying earnings' rising to 3% by 2018.	0.2% of your 'qualifying earnings' rising to 1% by 2018.

There's more information and a pensions contribution calculator online at **www.moneyadviceservice.org.uk**

The aim is to get many more people to have another income, on top of the State Pension, when they come to retire. Getting employers to enrol their workers automatically is intended to make it easier for people to get started. You can read about changes to workplace pensions online.

www.gov.uk/workplace-pensions

What is a personal pension?

You can buy a personal pension from providers such as banks, life insurance companies or building societies. A personal pension is completely personal to you, which means you can continue to pay into it if you change jobs.

It is a good idea to think about buying a personal pension if you:

- cannot pay into a workplace pension scheme, or you do not want to
- are self-employed, or

- are not working but you or someone else can afford to pay for a pension for you.

Personal pensions are defined contribution pension schemes. These are also known as money purchase pension schemes. See page 37 about Group Personal Pensions provided by an employer.

As with defined contribution pension schemes, any contributions made by you or on your behalf (for example by your employer) are invested for you in things like bonds and stocks and shares. How much you get when you retire depends mainly on the total amount of money you and your employer have paid into the scheme, how well the investment has grown, and the age you decide to retire.

Upon retirement, up to 25% of your pension savings may be taken as a tax-free lump sum. The remaining fund must be used to provide a retirement income either through an annuity or through income withdrawal, you may see this called income drawdown.

For most people, annuities are the most effective way to use their pension savings to provide a long-term income in retirement. They allow people to insure against living longer and the risk of their savings running out. In return for a lump-sum payment an annuity provider will guarantee an income for life.

You will find more information about retirement income, annuities and income drawdown on pages 41 to 43.

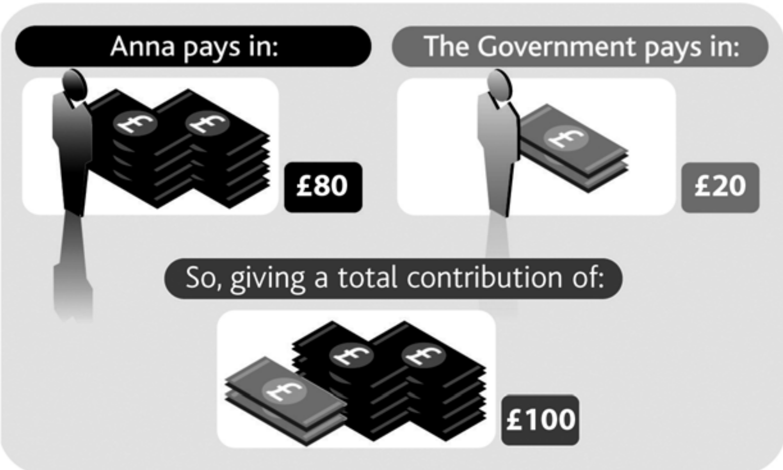
What are the benefits of a personal pension?

There are several benefits in paying into a personal pension scheme:

- You get tax relief on what you pay in (the example on page 34 shows you how this works).
- You can choose to take a tax-free cash lump sum of up to 25% of your total pension savings when you retire.
- You may be able to choose the funds you invest in, if you want to.

- Other people can pay into a personal pension for you (for example your employer, your partner or other members of your family can help you save for your retirement).
- You don't need to be working to save in a personal pension scheme.

Tax relief is one of the reasons many people choose a personal or stakeholder pension to help save for their future



In 2012/2013:

Anna pays £80 into her pension scheme.

The Government pays in £20.

This gives a total contribution of £100.

Anna pays tax at the basic rate. This means she pays 20p tax on every pound she earns for 2012/2013.

This means that for every £80 she saves in a personal or stakeholder pension, the Government adds an extra £20. And, the more she saves, the more money she gets in tax relief.

Personal pensions – the main facts

When can I take a retirement income from my pension pot?

This depends on the rules of the scheme you belong to. The law normally allows you to start taking benefits from age 55 but in certain circumstances there are no age restrictions for example, if you suffer from serious ill health, you can take up to 100% of the fund as a tax-free cash lump sum. ('Serious ill health' is where someone is expected to live for less than one year.) The longer you keep working and paying into your scheme, the more money you are likely to get when you decide to retire. Most people choose to wait until they are 60 or 65. Remember, you don't have to retire from work to get your pension benefits.

When do I make payments into my personal pension?

Usually, your pension provider will ask you to make regular, monthly payments into your personal pension. But some people, especially self employed people, prefer to make contributions once a year.

How much do I get?

The amount of pension depends mainly on how much money you have paid in by the time you take a retirement income from your pension pot and how well the scheme has performed. Every year your pension provider will send you a statement of how much your pension pot is likely to be worth. This will give you an idea of what you can expect to get when you retire, and will help you decide if you need to save more.

Things to remember when choosing a personal pension scheme

Choosing a personal pension scheme is an important decision and there are many things to consider, including:

- Before you decide to take out a personal pension, compare the costs you will have to pay against the costs of a stakeholder pension (see page 38 for more about stakeholder pensions). Make sure the personal pension you choose is the right one for you, because you may have to pay extra charges if you decide to transfer to a different type of scheme later on.
- Find out how much the pension provider will charge you for setting up your pension and for managing it. Remember, high costs don't always mean it's a good pension.
- Find out the rules about making contributions. For example, can you change the amount you pay in if your situation changes?
- Find out how much you can save.
- Find out how the pension provider will invest the money.

It's a good idea to ask several pension providers for quotes and do some research. You can compare the features and costs of personal and stakeholder pensions using the Money Advice Service's online comparison tables. You could also contact the Pensions Advisory Service for more information about personal pensions. Or you could ask an independent financial adviser to help you choose a suitable pension. You should check how much the adviser will charge you at the start. If you have a complaint about a personal pension provider, you can contact the Financial Ombudsman Service.

See page 52 for more information and contact details.

As with any other agreement or contract you sign, it is important to consider the advice you are given very carefully. Always read the small print before you sign or agree to anything.

Group personal pensions

Some employers may offer their workers the chance to buy a personal pension instead of an occupational pension. Personal pensions arranged in this way are called 'group personal pensions'. Find out if your employer has made this arrangement and if it is suitable for you.

Although some people call them 'company pensions', they are not run by employers and they are not run as occupational pensions.

Group personal pensions can have two advantages over individual personal pensions:

- your employer may pay into the scheme on your behalf, and
- your employer may have negotiated special deals with the group pension provider, such as paying reduced charges.

But if you leave your employer, it will stop paying into your pension. You may also lose any special deals that your employer has arranged for the group scheme. Find out as much as you can from your employer before you join or leave the scheme. Contact the pension provider to find out your options.

Take action

- For more information about personal pensions, group personal pensions and retirement income, you can contact the Pensions Advisory Service (see page 53) or the Money Advice Service (see page 52).
- To find an independent financial adviser near you, see page 56.

What is a stakeholder pension?

A stakeholder pension is a personal pension that is a type of defined contribution scheme. The pension you get does not depend on your earnings, and the money you save is put into investments for you. When they retire, most people use this money to buy a type of retirement income, often called an annuity, usually it is paid for life and is bought from a pension or annuity provider. See page 27 for more about defined contribution pension schemes. A stakeholder pension may be a good choice for you if you cannot pay into a workplace pension or another type of personal pension scheme, or if you are self employed or not earning.

What are the main differences between a stakeholder pension and other types of personal pension?

- The charges for running the stakeholder pension are ‘capped’ – this means there are upper limits on how much you have to pay the pension provider.
- There are low minimum payments – this can be helpful if you can only afford to pay a small amount into the pension.
- They are more flexible – this means you can choose when and how often to pay and there are no penalties if you miss a payment.

- You won't usually have to pay a fee if you want to move your stakeholder fund to another pension provider or another stakeholder pension scheme.
- If you were paying into a stakeholder pension scheme arranged by your employer before 1 October 2012, your employer must continue to deduct contributions from your wages and pay them to the scheme until you ask them to stop, you stop paying contributions at regular intervals or you leave that employment.

Stakeholder pensions – the main facts

When and how you can draw benefits from a stakeholder pension are broadly the same as those for personal pensions. But you should look at the rules of your stakeholder pension scheme. See 'Personal pensions – the main facts' on page 35.

Take action

- For more information and help about stakeholder pensions, contact the Pensions Advisory Service. See page 53 for details.

Can I save money in more than one workplace or personal pension at the same time?

Yes.

Saving in more than one pension scheme can give you flexibility and choice, but it can also mean you pay more in administration costs. What is best for you can depend on your situation, what you need when you retire and what pension savings you already have. To help you decide the best choice for you, you may find it useful to talk to an independent financial adviser. Remember, you will have to pay for their advice.

Is there a limit to how much I can save in a personal pension scheme?

There is no limit on the amount of money you can save in a personal pension scheme (including stakeholder pensions) although there are some limits on the amount of tax relief you can get. The maximum limit for tax-free saving is £3,600 if you are a non-earner. If you earn more than £3,600 the maximum limit for tax relief is 100% of your earnings. For example if you earn £25,000 you can get tax relief on any contributions you make up to £25,000. There is also a limit on the amount of your pension savings that can benefit from tax relief each year. This limit is called the annual allowance and is £50,000 for 2013-14. This applies to all types of pension schemes. If your pension savings are more than the £50,000 annual allowance you may have to pay an annual allowance tax charge on the excess.

There's also a limit on the amount of pension saving you can build up over your lifetime that benefits from tax relief. This is called the lifetime allowance and for 2013-14 is £1.5 million. If, when you take your pension, your pension savings are worth more than the lifetime allowance you will pay tax on the excess.

In the 2012 Autumn Statement, the Government announced that the lifetime allowance will be reduced from £1.5 million to £1.25 million and the annual allowance from £50,000 to £40,000, from April 2014.

To find out more **www.hmrc.gov.uk/pensionschemes/aa-ps.htm**

Taking benefits from your pension scheme

In most circumstances (apart from taking your pension pot as cash – see below, and 'Serious Ill Health' – see page 35), the law normally allows you to take an income from your pension savings once you reach age 55. But this depends on your pension scheme rules as some workplace schemes may have a higher age for paying benefits. If you are not sure at what age you can draw benefits from your scheme, you can find out from the scheme's trustees or managers. The main ways of taking benefits from your pension scheme are:

1. Taking your pension pot as cash

If, at retirement, the combined total of all your pension funds is below £18,000, you may be able to take it all in cash. This is sometimes called 'trivial commutation'. But you cannot do this before you reach 60. The first 25% of the cash lump sum is usually tax free.

If your pension is a type of workplace pension called an occupational pension, you may be able to take your pension savings as cash if they are up to £2,000, whether or not you have pension savings elsewhere, provided you are at least 60. The first 25% of the cash lump sum is usually tax free.

If your pension is a personal pension, either provided through your workplace or arranged by you, you may be able to take your savings as cash if they are up to £2,000. You are allowed to do this twice, and this is separate from any cash payment you might receive from an occupational pension. You have to be at least 60. The first 25% of the cash lump sum is usually tax free.

2. Retirement Income and Annuities (defined contribution pension schemes only)

The most common way of using your pension fund is to take up to 25% as a tax free cash lump sum and use the rest of the fund to buy a type of retirement income called an annuity. This provides you with a regular payment for life, and is taxable.

You do not normally have to buy an annuity from your pension provider when you retire. By shopping around different pension and annuity providers, you could increase your retirement income significantly. If you do not feel confident enough to do this yourself, there are a number of specialist companies who can help you choose an annuity that best suits your needs. You may also want to get advice from an independent adviser. But remember you will have to pay for these services.

It is also important to remember there are different types of annuity designed to suit different personal circumstances. Your retirement income or annuity could be affected by health and lifestyle, or the need to provide an income for your family or other dependants. For example, if you have smoked regularly for a number of years, you are likely to get a better income than a non smoker.

For more about retirement income and annuities get a free copy of the Money Advice Service guide Your Pension it's time to choose. You can compare the features and costs of different annuities on the Money Advice Service online comparison tables. See page 52 for contact details.

You can also contact the Pensions Advisory Service, who have an online tool to help you plan the type of retirement income or annuity best suited to your needs. See page 53 for details.

3. Income withdrawal

Income withdrawal (often referred to as 'income drawdown') applies to defined contribution pension schemes including:

- personal pension schemes
- group personal pension schemes, and
- stakeholder pension schemes.

Your pension provider or employer will be able to tell you if you can use income withdrawal. It is an arrangement that allows you to keep your pension fund invested while drawing some income (drawdown pension). In general terms, the income you can draw is currently up to 100% of the yearly amount you would have got if you had used the fund to buy an annuity to provide your retirement income. This upper amount is called 'the capped drawdown limit'. There is no minimum amount.

However, the government announced in the 2012 Autumn Statement that the limit for capped drawdown will go up from 100% to 120% of the value of an equivalent annuity from 26 March 2013. The 20% increase will apply for all drawdown pension years starting on or after 26 March 2013.

For example, if a fund of £100,000 were to produce an annuity income of £6,000, under this arrangement you would be able to draw an income of up to £6,000 a year. Using the 120% limit in this example, the drawdown limit would be £7,200 a year.

As your pension fund remains invested its value can go up or down, so the maximum amount of income you can take must be reviewed every three years by your provider until you reach age 75, when it must be reviewed every year.

If you are already getting other secure pension income of at least £20,000 a year (the minimum income requirement) and meet certain other conditions, you may be able to take your pension as 'flexible drawdown'. Under flexible drawdown, the capped drawdown limit does not apply. So you can take your entire drawdown pension fund as taxable pension income in a single year, or spread it over a number of years if you prefer. Your pension provider does not have to offer flexible drawdown, but if they do, your provider will be able to tell you what the conditions for flexible drawdown are and whether or not you meet them.

What if I don't want to retire at State Pension age?

You don't have to retire when you reach State Pension age. You can keep working while you are getting your State Pension. Or you can put off claiming your pension until later and then get more State Pension each week. If you put off claiming your State Pension for at least one year without a break, you can get a one off lump-sum payment instead (you will have to pay tax on this). There are some circumstances in which you will not earn extra weekly State Pension or a lump-sum payment; for example if since reaching State Pension age:

- you have received certain other benefits, or
- your partner has received other benefits, or
- someone else has received an increase of another benefit for you, or
- you have been in prison.

Working for longer can help you build up a better income for when you retire, as well as giving you more money now.

People are living longer now, which makes it more important than ever to plan ahead for your future. You could also think about different options for your retirement. You may not want to retire from work altogether – you may want to work part-time, change jobs or have less responsibility. You need to think about which options are best for you and which ones help to give you the income you want, before and after you retire.

Take action

- Ask for a leaflet about how to get extra State Pension or a lump-sum payment, also known as 'State Pension deferral'. See page 57 to find out how to get a copy of this leaflet.

Pension Credit – if you're on a low income in retirement

In some circumstances, you may be able to get Pension Credit. Pension Credit is made up of two elements: Guarantee Credit and Savings Credit.

Guarantee Credit works by topping up your weekly income by a certain amount. You may receive more if, for example, you are severely disabled, a carer or have housing costs such as a mortgage.

To apply for Guarantee Credit you must have reached the Pension Credit qualifying age. This is gradually going up in line with the increase in the State Pension age for women to 65, and the further increase to 66 for both men and women. To find out the age at which you can apply for Pension Credit go online.

www.gov.uk/pension-credit

If you have a partner, one of you can be under this age but the person who applies must have reached the qualifying age.

Savings Credit can provide extra money for pensioners who have saved some money to help provide for themselves in their retirement. The age from which you can get the Savings Credit is 65. However, from March 2019 this will gradually go up in line with the increase in State Pension age. If you are currently aged 65 or over and living in Great Britain you may be entitled to Savings Credit.

You may be able to get Savings Credit as well as Guarantee Credit.

3 What should I do next?

There are a number of things you can do now to start planning for your retirement:

- Work out your State Pension age (page 49 explains how). Recent changes to the State Pension system may affect the age which you can start to get State Pension.
- Find out how much State Pension you may get. This may give you an idea of what you are likely to receive at State Pension age. It will also help you decide if you are currently saving enough for your retirement. See page 50 for details of how to do this.
- If you don't already belong to a workplace pension scheme, ask your employer for information about the scheme they offer and think about whether it is right for you.
- If your employer doesn't provide a workplace pension (see page 24 for more on workplace pensions), consider talking to an independent financial adviser to find out which personal or stakeholder pension could be right for you. You will have to pay for their advice.
- If you are already a member of a workplace pension scheme, your employer or pension provider may send you a pension statement every year. This shows how much you might get from the scheme when you retire. If you haven't had a statement, ask your employer or pension provider to send one.
- If you are already a member of a personal pension scheme, your pension provider will send you a pension statement every year. This shows how much your personal pension fund is likely to be worth when you retire. If you haven't had a statement, ask your pension provider to send one.

- If you are self-employed and you don't already have a second pension, consider talking to an independent financial adviser to find out which personal or stakeholder pension could be right for you. You will have to pay for their advice.
- If you think you may have lost touch with your workplace or personal pensions because you changed jobs or the company changed its name, contact the Pension Tracing Service. It may be able to tell you who to contact about your pension, free of charge. See page 51 for the Pension Tracing Service contact details.

Useful contacts

This section includes the contact details of some organisations you may find useful.

Call charges

Charges correct as of the date on the back of this leaflet. Calls to **0800** numbers are free from BT land lines but you may have to pay if you use another phone company or a mobile phone, or if you are calling from abroad.

Calls to **0845** numbers from BT land lines should cost no more than 4p a minute with a 15p call setup charge. You may have to pay more if you use another phone company or a mobile phone, or if you call from abroad.

Calls to **0870** numbers from BT land lines should cost no more than 8p a minute with a 15p call setup charge. You may have to pay more if you use another phone company or a mobile phone, or if you call from abroad.

Calls to **03** numbers from BT land lines should cost no more than 9p a minute with a 15p call setup charge. However, calls to 03 numbers are usually included in the cost of any call plan you may have, so ask your service provider if you will be charged for those calls.

Calls from mobile phones can cost up to 40p a minute, so check the cost of calls with your service provider. You can ask our operator to call you back – just give them your phone number.

Textphones – if you have speech or hearing difficulties

Our textphone numbers are for people who cannot speak or hear clearly. If you don't have a textphone, you could check if your local library or Citizens Advice Bureau has one. Textphones don't receive text messages from mobile phones.

We're always looking for ways of improving our leaflets. If you have any comments or suggestions about how we can improve this leaflet please email them to us at:
leaflet.feedback@dwp.gsi.gov.uk

This email address is only used for feedback on the leaflets; we will not be able to answer questions about your pension or benefit from it.

How to contact DWP

You can talk to DWP about your State Pension, Pension Credit and other things you may be entitled to. Or you can ask them what you can expect when you reach State Pension age.

Phone: **0845 60 60 265** (or **0845 60 60 275** if you speak Welsh and live in Wales)

Textphone: **0845 60 60 285** (or **0845 60 60 295** if you speak Welsh and live in Wales)

Lines are open from 8am to 6pm, Monday to Friday.

Work out your State Pension age

Find out the exact date you will reach State Pension age by using the calculator on the website at
www.gov.uk/calculate-state-pension

DWP Workplace Pension Information Line

If you have general questions about workplace pensions you can contact the DWP workplace pension information line.

Website: **www.gov.uk/workplace-pensions**

Phone: **0845 600 1268** (**0845 600 8187** if you speak Welsh and live in Wales)

Textphone: **0845 850 0363**

Lines are open Monday to Friday, 8am to 6pm.

How to get an estimate of your State Pension

There are two ways you can find out how much State Pension you may get:

- use the online State Pension calculator to quickly get an estimate of your basic State Pension and the earliest date you can get it from, or
- apply for a State Pension statement, which will give you an estimate of your State Pension based on your National Insurance contributions record.

State Pension calculator

The State Pension calculator is a simple tool. It does not look at your National Insurance contributions record, so you do not need to register to use it. It uses information that you enter yourself about what you have done during your working life to give you an estimate of your basic State Pension as it stands now. The estimate is based on the present State Pension rules.

To use the calculator go to
www.gov.uk/calculate-state-pension

State Pension statement based on your National Insurance contributions record

A State Pension statement, based on your National Insurance contributions record so far and the present State Pension rules, will give you estimates of your:

- basic State Pension
- additional State Pension, which will include any Graduated Retirement Benefit you may get. (Additional State Pension is also called the State Second Pension and used to be called the State Earnings-Related Pension Scheme (SERPS)).

For more information on how to get a State Pension statement based on your National Insurance contributions record:

- go to **www.gov.uk/state-pension-statement**, or
- phone the Future Pensions Centre on **0845 3000 168** (textphone **0845 3000 169**) if you live in the UK – lines are open 8am to 6pm Monday to Friday. If you live outside the UK phone **+44 191 218 3600** (textphone **+44 191 218 2051**) these lines are open 8am to 6pm Monday to Friday.

How to trace a lost pension

You can ask for a free pension trace by contacting the Pension Tracing Service.
Website: **www.gov.uk/find-lost-pension**
Phone: **0845 6002 537** (lines are open 8am to 6pm)
Textphone: **0845 3000 169**.
If you live outside the UK , please call **+44 191 215 4491**.

Or write to:
Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA.

How to contact HM Revenue & Customs

HM Revenue & Customs are responsible for collecting taxes, including National Insurance contributions, as well as paying tax credits and Child Benefit.

For information on National Insurance contributions
www.hmrc.gov.uk/ni/index.htm

For information about contracted-out pensions
Phone: **0845 9 150 150** Lines are open 8am to 5pm, Monday to Friday.

For information about the tax rules for private pension schemes go to **www.hmrc.gov.uk/pensionschemes**

For information about Individual Savings Accounts (ISAs)
Website: **www.hmrc.gov.uk/isa**
Phone: **0845 604 1701**
Lines are open 8am to 8pm Monday to Friday, and 8am to 4pm Saturday.

How to contact the Financial Ombudsman Service

Phone: **0800 023 4567**

Lines are open Monday to Friday 8am to 6pm, Saturday 9am to 1pm.

Or write to
Financial Ombudsman Service,
South Quay Plaza,
183 Marsh Wall,
London
E14 9SR.

How to contact the Money Advice Service

The Money Advice Service can help you understand and manage your money better. They give clear, unbiased money advice to everyone across the UK. Their advice and information is available online, over the phone and face to face. They also provide tailored money advice to help you make choices throughout your life, whatever your circumstances. Their online health check will give you a personal action plan to help you decide your money priorities and plan for your financial future.

Website: **www.moneyadviceservice.org.uk**

Money Advice Line: Phone **0300 500 5000**
Typetalk **18001 0300 500 5000** Monday to Friday 8am to 8pm, Saturday 9am to 1pm.

How to contact the Pensions Advisory Service

The Pensions Advisory Service is an independent not for profit organisation that gives free information and guidance on the whole range of pensions, including workplace, occupational, personal and stakeholder schemes. They also help you understand how state pension issues interact with other pensions you may have. It can also help you if you have a problem, complaint or dispute with your occupational or private pension provider.

Phone: **0845 601 2923** Lines are open 9am to 5pm, Monday to Friday.

Website: **www.pensionsadvisoryservice.org.uk**

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB.

The Pension Protection Fund

The Pension Protection Fund pays compensation to members of eligible defined benefit pension schemes, if:

- there is a 'qualifying insolvency event' in relation to the employer, and
- there are not enough assets in the pension scheme to pay benefits at the level of the compensation that the Pension Protection Fund would provide.

How to contact the Pension Protection Fund

Website: **www.pensionprotectionfund.org.uk**

Knollys House
17 Addiscombe Road
Croydon
Surrey
CR0 6SR

Phone: **0845 600 2541**
Textphone: **0845 600 2542**

Fax: **0208 633 4910**

Email: **information@ppf.gsi.gov.uk**

The Pensions Ombudsman

The Pensions Ombudsman investigates complaints about how pension schemes are run.

Website: **www.pensions-ombudsman.org.uk**

Phone: **020 7630 2200**.

The Pensions Regulator

The Pensions Regulator is the UK regulator of workplace pension schemes. It protects the benefits of members and promotes the good administration of workplace pension schemes. It aims to reduce the risk of situations arising that may lead to claims for compensation from the Pensions Protection Fund.

How to contact the Pensions Regulator

Website: **www.thepensionsregulator.gov.uk**

Customer support

Phone: **0845 600 0707**

Lines are open 9am to 5.30pm, Monday to Friday.

Fax: **0870 2411144**

Email:
customersupport@thepensionsregulator.gsi.gov.uk

Or write to:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW.

The Financial Assistance Scheme

The Financial Assistance Scheme pays certain people who have lost their defined benefit workplace pension because their underfunded pension scheme began to wind up, generally between 1 January 1997 and April 2005.

Website: **www.pensionprotectionfund.org.uk/fas**

Contact details for scheme members:

Financial Assistance Scheme
PO Box 234
Mowden Hall
Darlington
DL1 9GL

Phone: **0845 604 4585**

Textphone: **0845 604 4136** (if you have speech or hearing difficulties)

Email: **members@fasonline.org**

Contact details for Pension Professionals:

Pension Protection Fund
Knollys House
Addiscombe Road
Croydon CR0 6SR

Telephone: **0845 600 2541**

Textphone: **0845 600 2542** (if you have speech or hearing difficulties)

Email: **ContactFAS@ppf.gsi.gov.uk**

How to contact the Citizens Advice

The Citizens Advice service helps people sort out their legal, money and other problems by giving free, independent and confidential information and advice. They will be able to tell you more about the different types of pension there are.

You can find your nearest office by going to **www.citizensadvice.org.uk** or by looking in your local phone book.

There are also many other similar local services that provide information and advice about money. See the 'Information services' section in your local Yellow Pages.

How to find an independent financial adviser

IFA Promotion, the Personal Finance Society and the My Local Adviser website can help you find financial advisers in your area who specialise in planning for your retirement and pensions.

If you decide to get advice from an independent financial adviser, you will have to pay the adviser a fee for their services.

Your financial adviser will give you a document explaining their services and charges before they give you any financial advice. You should always ask for details of what pensions your adviser can offer and how much you will have to pay in fees.

IFA Promotion

Website: **www.unbiased.co.uk**

The Personal Finance Society

Website: **www.thepfs.org**

You can also go to **www.mylocaladviser.co.uk**

Useful publications

We also provide more information on pensions in a number of leaflets. You can order them by calling **0845 7 31 32 33**. These leaflets cover the following topics:

- State Pensions
- Pension Credit
- How to get extra State Pension or a lump-sum payment (also known as State Pension deferral)

We recommend that you think about your own situation carefully and look for more information about the choices you are considering. You can also get information on our website: **www.gov.uk**

You can also contact some of the other organisations mentioned in this guide, which can give you guidance and advice.

Important information about this leaflet

This leaflet is only a guide and does not cover every circumstance. We have done our best to make sure the leaflet is correct as of April 2013. Some of the information may be oversimplified, or may become inaccurate over time, for example because of changes to the law. We recommend that you get independent advice before making financial decisions based on this leaflet.

This information is available in other formats on request

Phone: **0845 7 31 32 33**
Textphone: **0845 604 0210**

You can find more information about benefits and pensions online.

For benefits information go to
www.gov.uk/browse/benefits

For pensions information go to
www.gov.uk/browse/working

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