



Department  
for Work &  
Pensions



# Pensions

Making sure older people have  
enough money



# About this easy read



This is an easy read of a big report about **pensions**.



A **pension** is money you get when you are older and stop working.



This easy read tells you about some of the things in the big report.



You do not have to read this easy read all at once if you don't want to.



You could ask someone to help you read it, if you need to.

# What is in this booklet

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# About pensions



A **pension** is money you get when you are older and stop working.



The time when you stop working is called **retirement**. You say you have **retired**.



Your pension pays for things like:

- Food.



- Bills. Things like paying for heating and water.



- Clothes.



- Holidays.



Some people do not have enough money in their pension.



They can find it harder to pay for the things they need. Things like food and heating.



We are the Pensions Commissioners. The Government has asked us to look into how pensions should work in the future.



We need to come up with ideas for making sure people have enough money when they retire.

# What we are doing



The Government last looked at pensions 20 years ago.



A lot of work was done to help people have more money in their pension.



There have been lots of changes since then.

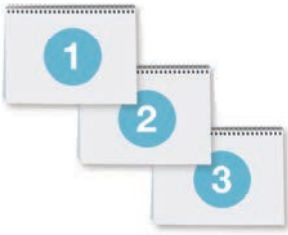


We are looking at pensions again.  
We want to see what else could help people have more money.



We are learning about what is working well, and what needs to be better.

# Pensions people might have



There are 3 different kinds of pension you can have.



You might have 1 kind of pension.  
Or you could have 3 kinds of pension.

## Pension 1: A state pension



A **state pension** is money you get from the Government every 4 weeks.



For most people, if you have paid **national insurance** for 10 years, you get a state pension.



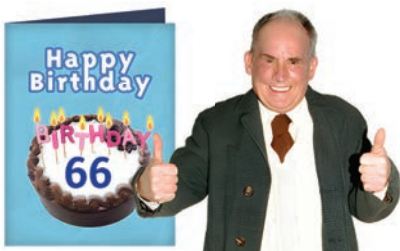
**National insurance** is money you pay to the Government.



When you work, national insurance is taken out of your wage before you get it.



If you get some benefits it can count as paying national insurance too.



You get your state pension when you are 66 years old.



Over the next 2 years, this will change to 67 years old.

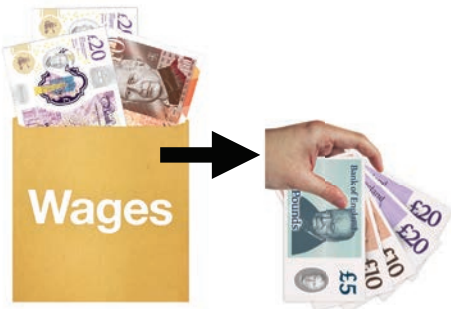
## Pension 2: Employer pension



Your **employer** is the person or place that you work for.



Most people who work for an employer put some of their pay into a pension. The employer puts money in too.



The money is taken out of your wage before you get it.



You do not do anything to set this up when you start a new job.  
Your employer sets it up for you.



An employer pension works very well. More people are saving money in this kind of pension now.



This means you might get a state pension and an employer pension when you retire.



Having 2 pensions means you will have more money to buy the things you need.

## Other kinds of pension saving



You have to sort out other kinds of pension saving yourself.



You put money into other kinds of pension saving while you are working.



When you are older you can get the money back out again.



A lot of people do not have these kinds of pensions.



You can still get a state pension when you have other kinds of pension saving.

# Problems with pensions



We are finding out why so many people do not have enough money when they retire.



It is hard to work out how much money is enough for people to live on.



This is one of the things we are looking at.



The next few pages tell you about some of the problems we must look at.



If we can help fix them, more people will have enough money when they retire.

## Problem 1: Ageing



People live for longer now. There are more retired people than there used to be.



And there will be even more retired people in the future.



This means more people will be able to get the state pension.



But the number of people who are working is not going up as quickly.



This is important because working people pay national insurance.



Some of this money pays for state pensions.



If there are not enough people paying national insurance, it is hard for the Government to give people good state pensions.

## Problem 2: Stopping work early



Lots of people stop working before they are old enough to get their state pension.



This might be because they are unwell or they have to care for someone in their family.



When people stop working, they stop paying money into their employer's pension.



They might not have enough money to save in other kinds of pension saving.

## Problem 3: Some groups of people do not save enough

Some groups of people might not save enough for their pensions. This can be:



- Women



- Carers



- Disabled people



- Some **ethnic minority groups**.

An **ethnic minority group** is a group of people in the UK whose background is not white British.



There can be lots of reasons why these groups of people have not saved enough.



They might have jobs that pay less money.



Some people might have stopped working for a while. This might be to look after children or care for someone.



If you stop working, you stop paying into your pension.



Some people might not be able to work. This might be because of illness or a disability.

## Problem 4: Renting



Houses and flats cost a lot of money. When you buy a house you usually borrow money. This money is called a **mortgage**.



You pay some of the money back every month.



You keep paying until you have paid all of the money back.



In the past most people owned their own home.



By the time they retired, they didn't have to pay any more money to live there.



But now more people **rent** their homes. **Rent** is when you pay money to live somewhere.



You pay rent to the person who owns the house or flat. Then they let you live there.



You normally pay your rent every week or month.



You will never own the home. You will keep paying rent while you live there.



If more people are renting they will need more money in their pension.



More people who get a pension live on their own.



Rent can cost more for people who live alone.

## Problem 5: Being self-employed



**Self-employed** means you work for yourself. You do not have an employer.



The way pensions work at the moment is bad for self-employed people.



Most self-employed people will get a state pension.



They cannot get an employer pension.



But they can choose to have other kinds of pension saving as well.



Only 4 in 100 people who earn all of their money from being self-employed have other kinds of pension saving.



This is a big problem.

### Problem 6: People's pay



The amount of money that working people get paid has not gone up much in the last 20 years.



This is important because when people get paid more, they can put more money into their pension.

## Problem 7: Getting pension money early

You can choose to take some of the money out of your pension when you are 55 years old.



You cannot take money out early from a state pension.



If you take money out of your pension early, you will have less money later on.



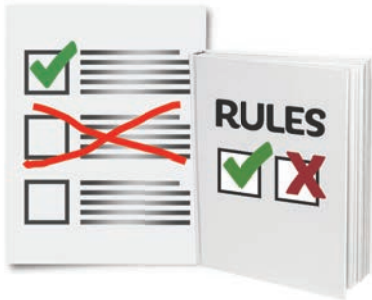
It can mean that you struggle to pay for food, clothes and bills when you are older.



It can be hard for many people to make the right decisions about taking money out early.



## Problem 8: Choosing how to take pension money



In the last few years, the rules changed about when people can get money out of employer pensions and other kinds of pension saving.



There are now less rules about how much you can take out, and when you can take it out.



It can be hard for many people to make the right decisions about pensions.



## What happens next

We will find out what people think about pensions. We will speak to lots of different people.



We will make a final list of ideas on what the Government should do to help.



We will share the ideas with the Government. This will be in spring 2027.