

5 tips to get on top of your pension this Autumn

Paddling pools have been deflated and the local supermarket's been stocked with Halloween costumes and pick n' mix. Yes, we're approaching Autumn – or as some like to call it – the season of long nights fuelled by TV and comfy blankets. But before you get too engrossed in the latest streaming sensation, why not spend some time checking in on your pension?

To help get you started, here are 5 top tips – so you can get back to rewatching Stranger Things with some financial peace of mind.

1. Get to know your pension

Your pension is going to be with you for most of your life. So while you don't have to remember its birthday or take it out for dinner, it's important to know what makes it tick.

How much am I saving and is it enough?

If you have a Defined Contribution (DC) pension (which the majority of pensions are these days), the minimum amount contributed to your pension each month is 8% of your after-tax earnings. This is made up of 5% from you (4% plus 1% government tax relief) and 3% from your employer.² You can always pay in more if you want. Some employers might even pay in more than the minimum.

Are you paying in enough to get the retirement you want? Many people aren't, and don't know it. So ask yourself, "am I saving enough?", and "can I afford to pay in more?" As an extra incentive, some employers might offer a pension matching policy, where they'll match or even double your contributions up to a certain amount. A pretty good way to give your pot a boost.

My pension is invested, but what does that mean?

The money saved into your pension is invested into lots of different things, with the aim of growing that money over time (although this isn't guaranteed). Sometimes, like that Halloween pick n' mix, the range of things your pension is invested in might come 'premade', with the assets selected for you. In pension terms, this is imaginatively known as a default fund option and is usually how your pension will be invested if you haven't made changes yourself.

But maybe you don't like the premade pick n' mix and would prefer to choose for yourself? Well, with a pension, you can do that too. Choose what funds your pension is invested in yourself or get help from a financial adviser. There are lots of different assets to choose from, and they come with different levels of risk. If you weren't already, you could also monitor the funds you're invested in over time to make sure they're performing as you'd like. It can feel pretty overwhelming, so we recommend getting impartial guidance or financial advice to support you. The Government's [MoneyHelper website](#) is a good place to start for both guidance and finding an adviser.

I have a Defined Benefit (DB) pension, so what does it mean for me?

If you have a DB pension (more commonly found in the public sector), then you're a lucky person: like a good horror film, they're at the threat of extinction – mostly because your employer pays you a guaranteed income for life, based on your length of service and your salary at the point at which you left the company. Now, your DB pension will have investments to cover its liabilities, but that isn't connected to your pension entitlement.

The only exception might be if you're making additional voluntary contributions – you may have to choose what funds the extra payments are invested in – you can find out more on this [MoneyHelper page](#).

2. Set yourself goals

Clear goals can help you stick to saving habits and stay on track. Set yourself a target retirement income to work towards, even if it's just a ballpark.

A general rule of thumb is to save half of your age as a percentage of your salary towards retirement. So, if you're 34 years old, that would mean aiming to save 17% of your salary towards retirement each month. And because that total is made up of both yours and your employer's contributions, in a DC pension, you won't be paying the full amount yourself.

You can also refer to the Pension and Lifetime Saving Association (PLSA)'s [Retirement Living Standards](#) as a basis, which estimates what single people or couples will need for a 'minimum, moderate or comfortable' standard of living in retirement. It also covers how much you could afford beyond basic expenses, such as holidays, days out or house renovations.

Another useful tool to help shape your goals is a pension calculator, like [this one from the Government's MoneyHelper service](#). It will give you a forecast of how much money you're likely to get each year in retirement based on your current pension savings and contributions. You can then tweak the results to see how different factors could impact how much you'll get. Imagine what would happen to your fund if you retired a few years down the line, instead of at retirement age? And what if you increased your contributions by 1% each year until retirement? You'll never know unless you play around with the numbers.

3. Get organised

We know that managing your pension might not always 'spark joy' as the meticulous Marie Kondo likes to say, but getting yourself organised could save you time and stress down the line.

Keep your records – and your provider(s) – up to date

You need a record of all your pension pots so you know how much you've saved – but your pension provider also needs an accurate record of you, too. If you move house, change email addresses or get a new phone number, make sure you update your details. An easy way to do this is by registering for an online account with your provider - if they offer this. That way you can login whenever you want to see how your pension is performing and update any details when necessary.

You can also nominate a beneficiary to receive any money in your pension pot in the event of your death. You'll want to keep that up to date too, to make sure your money goes to the right person, rather than that ex from twenty years ago. You might be able to do this online, but you'll be able to find out more about nominating a beneficiary in your provider's handbook.

Wait, I think I'm missing a pension...

Lost track of an old pension? Time to dive down the back of the couch, look under the bed or in that desk drawer you never touch to look for old pension statements or letters. If you can't find any, you can always contact your old employers, or use the Government's [Pension Tracing Service](#). Once you

track it down, remember to request a benefit statement to find out how much money is in the pension, how it's invested, and how much it's costing you in account charges.

Tracking down old pensions is incredibly important – you might be one of the millions of pension savers with a whopping £26.6 billion collectively in lost pensions.³

If your pension pots are proving nimble and elusive, you could consider combining your pensions in one place. If you're interested in finding out more about combining pots, [Pension Awareness are running a special deep dive during their free September event.](#)

Do I have to do anything for my State Pension?

We're glad you asked. The amount of State Pension you get is based on your National Insurance contributions during employment. You can check in on your contributions at [GOV.UK](#) to see if you're on track for the full amount. If you're not, you might be able to top it up to fill any gaps in your record.

4. Check in from time to time

Like any partnership, your pension needs attention. Much like the winter-loving houseplant that needs more attention in the summer months, you can't just water it once and be done with it. Put a reminder in your calendar to do a review of your pensions each year. You could also include your pension as part of your monthly budget to embed your retirement saving into day-to-day life rather than a separate afterthought.

5. Be tech savvy

You don't have to be the next Elon Musk but knowing how to manage your pension online or through an app (if your provider offers these options) could make it an easier and more frequent habit to maintain.

Why not have a quick check on your lunchbreak or while you're multi-tasking from the couch, to see how your pension is doing today.

Make your pension a 'treat', not a 'trick'

Managing your pension can be daunting, but following these steps could help you be more confident and in control of your finances for retirement. Now all you have to be scared of are the packets of raisins left at the bottom of the Halloween sweet bowl.

Top tip reminder: Register for an online account with your pension provider and check in on your pension today.

Looking for more? This [webinar](#) from Pension Awareness goes into more detail on top tips for managing your pension.

² <https://www.gov.uk/workplace-pensions/what-you-your-employer-and-the-government-pay>

³ <https://www.abi.org.uk/news/news-articles/2022/10/call-on-uk-retirement-savers-to-take-action-on-26.6bn-in-lost-pensions/>