# How much should I save in my 30s?

Time to secure the future you want to live.

As you live through your 30s and your commitments start to grow, you'll probably have started to paint a picture of what your retirement could look like. As your canvas changes with a family landscape or a new home, that picture of retirement is probably getting more layers added by the month.

It's no Da Vinci, yet. Probably. The edges are blurred, and it might be more of a formless impression. But it's there. There's definitely some paint on the canvas.

## What's your picture?

If you have a pension, you're already ahead of the game. And if not, well, better late than never. If you're in full time employment and you're eligible, you will have been automatically enrolled in your workplace pension scheme (it's the law).

Your 30s are the perfect time to start envisaging retirement, because time is on your side to save towards it – and the earlier you start to save, the longer your money has the chance to grow and to potentially recover from any investment losses. So, whilst you're planning the next brushstrokes of your retirement, your money will be working hard for you to make it a reality.

One step to take to start saving mindfully is to think about what you'd like your retirement to look like. Everyone is different and your goals for the future will be as individual as you are, but one handy step to working out a picture-perfect pension is to use the Retirement Living Standards as a barometer. The standards will get you thinking about much you're likely to spend every week on everyday expenses and how much you might need to include all the bells and whistles. For example, do you picture regular holidays, trips and treats? Or is your picture as simple as leaving some money for the ones you love?

The Retirement Living Standards is a great resource that shows you what income would be needed to attain various standards of living for both single people and couples. And once you get a good idea of how much you might need for your retirement, you can start to plan how much you'll need to save now.

## How much is enough? Build the layers with employer contributions and tax

When it comes to saving, you're not going it alone. By law, your employer has to pay into your pension pot (if you meet the minimum requirements), and you get tax advantages too.

Employer contributions really help to build up your pot. If you have a defined contribution pension (DC), at the moment, employers have to pay a minimum of 3%, leaving you to make up the remaining 5% (8% total). But some employers offer to match your contributions up to a certain level – meaning you can instantly double your money. Some employers even offer over the odds by default, so check with your employer to make sure you're maximising what's available.

Working out how much to pay into your pension depends on your unique situation, but there are some general rules that can guide you. Some people like to use the rule of thumb of saving half your age (as a percentage of your salary). This means you would need to be saving about 15% of your salary into your pension during your 30s. If your employer offers to pay in more than they legally have to and matches your contribution, you could already have 10% going into your pot and you are only paying for half of it!

Pension contributions also usually come with tax advantages. The most obvious is tax relief: a 20% top up by the government who divert the tax that would otherwise be paid back into your pot. However, if you contribute via salary sacrifice, or are a higher tax earner, you might need to claim the tax relief yourself.

The government allow tax relief to be given up to a limit. It depends on whichever is higher:

- 100% of your relevant UK earnings
- or £3,600

It's important to know there are rules about how much you're allowed to save into your pension each year before you might have to pay tax, which is called the annual allowance (the limit is currently £60,000 for the 2024/25 tax year). If you go over this, you might be charged.

## Add some colour with investment choices

Your pension is invested - that's how it grows – and it's a key aspect to consider when saving for retirement. If you haven't chosen your investment funds yourself, then it's likely you will have been invested in your workplace pension's default investment option. That's the one you're automatically put into if you don't choose anything else.

These kinds of funds take a 'one size fits all' approach, and are designed to suit people of different ages, backgrounds and incomes, which isn't a bad thing, but it means your money may not be working as hard as it could for your individual needs. If you wish to, you can choose to change the funds your invested in, but you'll need to feel comfortable coming up with your own investment strategy.

All investments carry a level of risk – like adding colour to the canvas could derail what you've created before, but by spreading your investments across various asset types – like stocks and shares, bonds and commercial property – you can potentially reduce your level of risk you're taking. It's like putting your financial eggs in multiple financial baskets.

Whether you stick with the default option or choose your own funds, regularly reviewing and adjusting your portfolio of investment ensures it remains in line with your changing circumstances - helping you to keep on track to achieve your retirement goals. Usually, you can review information about the funds you're invested in by logging into your online pension account.

Remember, however, that whilst you can always manage the amount of risk you take, you can't eliminate risk altogether. The value of your investments – including your pension pot – can rise and fall. When you come to retire, the value of your pot could be less than what you paid in.

## Have you seen your pension?

Because you're automatically enrolled in a pension when you join a new company, by now you could have been enrolled in a fair few. Not to worry (the more the merrier, after all), but it might make sense to combine your pensions if you're starting to feel bogged down. If you're unsure whether this is the right step to take, it might be worth speaking to a financial adviser. Or, for free guidance, try using MoneyHelper.

Combining your pensions is a big decision with lots of benefits and drawbacks – if you do decide to bring them together, just speak to your provider and let them know you'd like to combine one pot to another.

But first, you'll need to know where they all are. Hunting down those elusive old pensions can be tricky if you haven't been keeping an eye on them. Usually, however, you can get all the information you need by rifling through old paperwork. You know you've stashed it all somewhere. All you'll need is the name of your ex-employer or the pension provider and you can get in touch with either one of these directly.

Failing that, the Pension Tracing Service could help add some colour to your search, by pointing you in the right direction. This is a free government service that searches a database of more than 200,000 workplace and personal pension schemes to try to find the contact details you need.

You might find that you've got some surprise pensions knocking around, and with that, some new money to add to your ever-growing retirement pot!

And don't forget your State Pension. You'll be entitled to a State Pension, providing you've made enough qualifying National Insurance contributions. The State Pension (which at its maximum is worth £11,500 in the 2024/25 tax year), could help fund a single person to live a minimum retirement lifestyle (as defined by the Retirement Living Standards) However, for most people the State Pension on its own won't be enough. To check on where you're at with yours, get a forecast.

## It's a fresh perspective

Your 30s are a period of change. Yes, life is dynamic, but the tables can turn quicker than you can say “uncrystallized funds pension lump sum” (we’re serious, that’s a real thing).

Financial goals are tied to what’s going on in your life. So, whether you’re getting married, having children, or grabbing a promotion with both hands, the amount of money you can afford to contribute to your future will, naturally, fluctuate. But, by including your retirement saving in your everyday financial thinking, you’ll be able to make adjustments when you need to – whether you find yourself with a little extra to save, feeling like you can take a little more investment risk, or you want to give your savings a boost before you go on maternity leave.

Want to know more about financial wellbeing and how you can attain inner pension peace? We’ll be running interactive live shows during Pension Awareness all about the most trendy topics in money.

Retirement is still some way off, but by taking control of your saving now, maybe the canvas of your retired life will just start painting itself.