

#pension
powwow

Start the
conversation

Pensions an overview



Did you
know?

That only

28%

of people think they're
not going to have enough
money to retire comfortably?*



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Start the conversation

That 28% figure is quite low, as most people underestimate how much they need to retire comfortably. But then, how often do you talk about your pension and how much you need to save?

Probably not much; it's hardly the most exciting topic. Can you explain what a pension is and how it works?

You may have a basic idea – essentially it's how you make sure you have money to live on when you want to stop working – but let's start a conversation so you can understand more, and take a little more action.

How do you start a pension?

Simple, your employer must put you in a pension scheme if you've been employed for over three months and earn more than £6,240.

But you can ask to join your employer's pension scheme as soon as you are employed or simply set up your own pension. That's it. It's really that simple.

How does your pension actually work?

If your pension is with your employer, you and your employer will both pay into the scheme. This is free money from your employer that you wouldn't otherwise get. And there's more, you also don't pay tax on what you pay towards your pension, so it's like the government is paying in too.

All this money gets paid into your own account, which is invested, so you should also make money from investment returns over time.

You can get the money saved in your account once you're 55 (or older) and take up to 25% of it tax-free.

As you can see, it's good to talk about pensions because they're a pretty good deal for you, and not something to be afraid of. The more you talk about it the more you know and the more action you can take! We'll be sharing some more articles about pensions over the next week to keep the conversation going – why not tell a friend about what you've learnt today? Or ask them about their pension?

*figure from <https://www.finder.com/uk/pension-statistics>