Saving for your future

Pensions | Workplace Pensions

ROYAL LONDON

Introduction

Your employer has set up a pension plan with Royal London.

We're a different kind of financial services company because we're owned by our members. If you join, you'll become a member of Royal London. This means you'll have a say in how we run our business and you'll share in our success.

This guide looks at some of the ways people choose to support themselves at retirement.

We hope it helps you weigh up your options and decide what's right for you.

Contents

The State Pension

For 2023/24, the new State pension for a single person is **£203.85** a week[1].

Do you think you could rely on the State pension alone?

There may be other State support available, but the State Pension alone is unlikely to be enough to maintain your current lifestyle when you retire.

On average men are expected to live to **85** and women are expected to live to **87** years old[2].

People are living longer

This means more years spent in retirement, so it's a good idea to build up your own pension income.

The new State pension is worth **35%** of average earnings[3].

Consider your options

If you think you will need more than what the State Pension has to offer, you should consider saving into your employer's pension plan.

[1] This applies to a man born after 6 April 1951 or a woman born after 6 April 1953.

[2] ONS: Life expectancy calculator, January 2022. Based on life expectancy at age 65 for the UK.

[3] ONS: Average weekly earnings in Great Britain: February 2023 – based on a new State pension of £203.85 p.w. and average earnings (without bonus) for the private sector of £588 p.w.

Investment options

These days, you've got more choice than ever about how to invest the money you're putting away for your retirement.

Financial experts agree that the best way to save for your future is to have a spread of investments, so if one doesn't perform well you won't be so badly affected.

Doing that means investing in a range of different things. You might see them called asset classes.

You can achieve this through a pension which allows you to invest in different types of investments such as stocks and shares, property and cash deposits.

For more details on the investment options available to you read, **Investing for your retirement – Pension investment options guide.**

Investment returns are never guaranteed so you could get back less than what you put in.

Financial experts agree that the best way to save for your future is to have a **spread of investments.**

Individual savings accounts

An Individual Savings Account (ISA) is a popular choice when it comes to saving.

But an ISA isn't designed specifically for pension savings, so there are a number of things you may want to consider.

An ISA lets you dip in and out of your savings, which is useful for emergencies. Whereas a pension **locks your money away** until age 55. This will increase to age 57 from 6 April 2028.

Both pensions and ISAs currently enjoy **tax-free growth but pensions also benefit from tax relief on employees' pension contributions**.
So there's nothing stopping you saving into both.

Pensions also benefit from an employer contribution.

Tax relief depends on individual circumstances and may change in the future.

You can **invest up to the ISA limit for 2023/24 which is £20,000**. You could also choose a pension and **invest up to either 100% of your earnings or the annual allowance for 2023/24 which is £60,000**. The annual allowance is the maximum you can pay into a pension **before paying a tax charge.**

A pension plan from your employer

Your employer has set up a pension plan with Royal London to help you save for your retirement. Here are some of the benefits it offers.

You'll receive extra money into your plan

Each time you save into your plan, so will your employer. You'll also receive tax relief from the government. This can help to boost your pension savings. Any tax savings you receive will depend on your individual circumstances and may change in the future.

The plan will belong to you

This means if you leave your current employer, you can take it with you and continue to contribute in to it as an individual pension.

Share our success

We'll aim to give your pension savings an extra boost by adding a share of our profits to your plan each year. So if we do well, so do you. We've called this your **ProfitShare**.

Flexible retirement options

Currently you can start taking your benefits any time after age 55*, even if you're still working. And when you start taking your benefits, you'll have a range of options to choose from.

Think about what's right for you

If you're unsure that saving into a pension is right for you then you should speak to a financial adviser.

If you don't have a financial adviser you can find one in your area at royallondon.com/find-a-financial-adviser. You may be charged for this service.

If you leave your current employer,
you can take it with you.

*This will increase to age 57 from 6 April 2028.

Make your decision

We hope this guide has highlighted the advantages of saving into your employer's pension plan and helped you weigh up your options.

We understand that contributing to a pension may not be suitable for everyone. But if a pension is right for you, the sooner you get started the sooner you'll be on your way to saving for your retirement.

Speak to your employer to find out how to join and you'll feel the weight of indecision lift from your shoulders.

Royal London
royallondon.com

We're happy to provide your documents in a different format, such as Braille, large print or audio, just ask us when you get in touch.

All of our printed products are produced on stock which is from FSC® certified forests.

April 2023 14L45/31