



Employer pension contribution matching

Are you making the most of your employer's workplace pension contribution matching?

Take advantage of your employer's pension contribution matching to grow your savings faster and strengthen your financial future.





What is employer pension contribution matching?

Employer pension contribution matching is a workplace benefit where your employer contributes more to your pension when you choose to contribute more than the minimum rate that's been set by your employer.

Matching tends to be a direct match by percentage increase. If your workplace pension is set up to start contributions automatically at 3% employer and 5% employee, the current minimum default, your employer may allow you to drop your contribution to 4% and they'll match that at 4%. If you add an extra 1% to your contributions, your employer would then add an extra 1% to theirs too, up to a maximum amount.

This varies from business to business and some employers may offer like for like or even double pension contribution matching. Your employer can confirm your scheme's specific structure.

Why should you **consider this?**

Just as you'd welcome an extra 1–2% pay rise, additional pension contributions are an excellent way to enhance the value of your overall benefits package.

- **Boosts pension savings.** With contribution matching, the extra contributions from your employer help increase your pension savings faster. Your initial contributions and your employers matching contributions grow over time, so you benefit from investment growth on that amount.
- **Additional contributions.** Your employer's matching contributions are essentially extra funds towards your pension savings, making it a valuable part of your total reward package.
- **Tax efficiency.** Your own pension contributions benefit from tax relief, which is then added to your pension savings to give them a boost and help them grow faster.

Tax treatment depends on individual circumstances and could change in future.

- **Positive savings habits.** Knowing your employer is investing in your future can motivate you to save consistently for your retirement.



Example scenario

Alex Anderson



Alex is in their early career, and is enrolled in their employer's pension scheme. They're exploring how small changes to their contributions could make a bigger difference over time.

Alex's yearly salary

£30,000

Employer matching contributions

up to 7%

Alex begins by contributing 4% of their salary, **£1,200 yearly**. Their employer also contributes 4%, **£1,200 each year**. Making the total yearly pension contribution **£2,400**.

If Alex chooses to increase their contributions, their employer will also increase their contributions according to the following structure:

Alex	4% contribution	5% contribution	6% contribution	7% contribution	8% contribution	9% contribution
Alex	£1,200	£1,500	£1,800	£2,100	£2,400	£2,700
Employer	4% matched	5% matched	6% matched	7% matched	7% capped	7% capped
Employer	£1,200	£1,500	£1,800	£2,100	£2,100	£2,100
Total per year	£2,400	£3,000	£3,600	£4,200	£4,500	£4,800

MAXIMUM EMPLOYER CONTRIBUTION REACHED

If Alex decides to contribute more than 7% of their salary, their employer's contribution will remain capped at 7%, £2,100, so the total annual pension contribution would increase only by Alex's additional input. By gradually increasing their own contributions and making the most of their employer's pension contribution matching structure, Alex can boost their pension savings over time, taking full advantage of this valuable workplace benefit.

What you could get back at retirement depends on how much you pay in, the charges on your plan and how well the fund you're invested in performs. It's important to remember that contributions are invested so the value of your pension savings can go down as well as up and you could get back less than you invest.



Start **maximising** your pension contribution options

If you'd like to find out more about your scheme's specific contribution matching structure, the easiest way to do this is usually through your HR department or pension scheme hub. Speak to your employer for details.



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