

The best thing for your pension

What is the best thing you can do for your pension? If your employer offers you membership of one of the pension schemes administered by The Pensions Trust, then there are three things you can do to improve your chances of getting the pension you want when you retire.

1. Start now!

The first thing to do is to start paying into a pension as soon as you can. The earlier you start, the more time there is for your pension to build up.

For instance, if your employer offers you a defined benefit (DB) pension scheme, such as the Social Housing Pension Scheme or the SFHA Pension Scheme, you will build up more service in these schemes if you start earlier. This means that your pension will be bigger when you retire than if you delay starting to pay into these schemes.

A similar principle applies if your employer offers you a defined contribution (DC) pension scheme, such as the Flexible Retirement Plan. For example, assume you pay £50 a month and your employer pays £100 a month into your pension, and it grows by 6% a year. Over twenty years this £150 a month could produce a final pension of £3,500 a year, but over twenty-five years the final pension might be £5,200 a year. This is nearly 50% more pension for starting only a few years earlier.

So, it really does make sense to start saving for your pension sooner rather than later. Ask your employer for an application form to join now.

2. Keep going!

Once you've joined, keep making those vital pension contributions every month. This is particularly

important during periods when you think you might not be able to afford to keep paying into your pension. Saving for a pension is a long-term commitment and any break in your regular contribution payments means your pension may not be as much as you want when you retire.

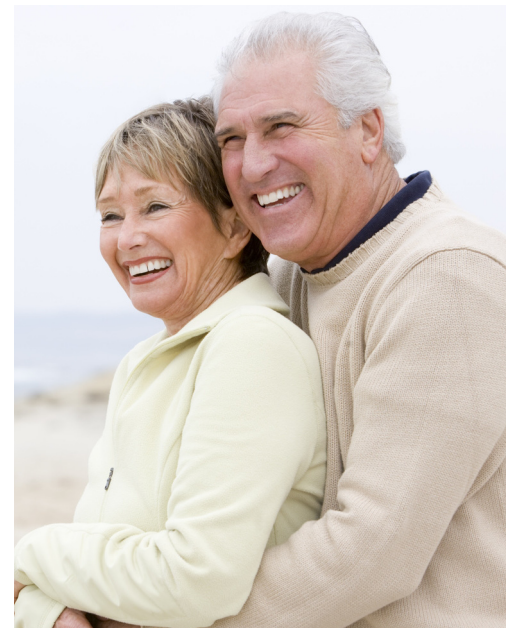
For members of the Flexible Retirement Plan, it may be tempting to stop paying into your pension when, as has happened in recent months, the investment funds held in your pension are falling in value. However, due to the nature of investments, it is quite common for the value of your pension fund to rise and fall.

In fact, falls in the value of investment funds can be a good thing because it allows you to buy investments in your pension at a lower price. In the normal course of events, the price of funds will rise again over time, and these investments will have gained in value. If you are a member of a DC scheme, it is important that you consider switching your fund to lower risk investments (where possible) at least five years prior to retirement.

3. Pay more!

Everyone should make sure they have enough reserves of cash for day-to-day living and any emergencies. However, should you have any spare cash, you may want to consider increasing the amount you pay into your pension.

For members of DB pension schemes, extra pension contributions can be paid into a DC scheme such as the Flexible Retirement Plan or Growth Plan. Remember to check with your employer whether they give you this option.



If you are a member of the Flexible Retirement Plan you may want to consider taking advantage of the current low investment fund prices by paying more into your pension. It's amazing how a little extra paid into your pension – at the right time – can boost the value of your final pension when you retire.

Details of the fund prices in the Flexible Retirement Plan can be found on The Pensions Trust's website at www.thepensionstrust.org.uk Our Products > Defined Contribution > FRP Unit Prices

Should you wish to increase your contributions, please speak to your employer's HR department.

Please note that The Pensions Trust can only provide general information about the pension schemes we administer. Whilst we aim to provide you with enough information to make an informed decision, the views expressed in this article should not be taken as investment advice. Independent financial advice can be found via the website www.unbiased.co.uk