The saying goes

“The best time to start a pension is in your 20s, the next best time is today”

It’s never too late to start a pension and the sooner you start, the longer it has to benefit from contributions, growth and tax benefits.
As part of the Pension Awareness Week 2022, this guide will help focus on some of the commonly asked questions about pensions to help you understand pensions better.

What is a pension?

Pension is a savings product for your future. You pay money into it while you work, then use this money to support yourself financially later in life.

What makes pensions more rewarding than other kinds of savings?

- You benefit from tax-relief on contributions you pay into a pension. For example, every £100 in your pension only costs you £80 – even less if you’re a higher or additional rate taxpayer.
- If you have been ‘auto-enrolled’ into your workplace pension, then your employer may boost your pension savings too.
- You can take up to 25% of your pension pot tax free.
- You can normally take money from your pension from age 55 (this will rise to age 57 in 2028).
- Your money is invested - this means it has the potential to grow. The value can go down as well as up and could be worth less than what was paid in.
- You can pass on money left in your pension when you die.

Would I benefit from combining my pensions into one?

If you have several pensions, it could make sense to bring everything into one place – this will make it easier for you to keep track of your pensions, and plan for the future. However, transferring pensions can be a complex decision and not suitable for everyone, so, before you transfer, you will need to consider some important questions:

- Does your pension have any **special features**? – you might find that your existing pension has some valuable benefits or guarantees such as, guaranteed income, more than 25% tax free cash, loyalty bonuses, enhanced life insurance or death benefits, or early access to your pension. You could lose these benefits if you transfer out.
- How do the **fees and charges** compare? – you should always compare the fees and charges of the scheme you are transferring from with the scheme you are transferring to. Also ask the pension provider if there are any exit charges for moving your pension.

You should be able to find this information in the paperwork the providers would have sent you and, if you’re unsure, talk to your current pension provider or an independent financial advisor.

What are my options for taking my money?

You can normally start taking your pension from age 55 (this will rise to 57 in 2028). When and how you take your pension will have a direct impact on how much tax you pay and how long the money will last you.

The main options available to you are:

- **Guaranteed income for life (annuity)** – you can use your pension to buy an annuity which will give you a regular guaranteed income for life.
  An annuity may give you peace of mind because you know what your income will be each month, but it will also give you less flexibility as your income each month will be fixed.
- **Flexible drawdown** – This option will give you more flexibility in terms of withdrawing from your pension whatever amount you need on a regular basis - taking more or less income depending on your needs - whilst keeping the remainder invested. This also means you can run out if you spend or drawdown too much.
- **Uncrystallised Funds Pension Lump Sum (UFPLS)** – unlike an annuity or flexible drawdown, you don't have to take a regular income from your pension – you can instead take 'chunks' or lumpsums from you pension as and when you need to.
  Each lumpsum you take from your pension, 25% of it will be tax-free and the remainder will be subject to tax at your marginal rate.
- **Leave your pension invested** – you don't have to take money out of your pension if you don't need to, for example, if you are still in work or prefer to use your other savings first.

How do I spot a pensions scam?

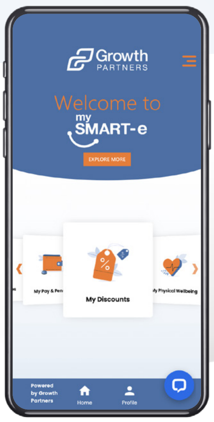
Pension scams are becoming increasingly sophisticated, costing savers up to £4 billion a year. Please read the Financial Conduct Authority's (FCA) guidance on how to spot a pensions scam – **How to avoid pension scams | FCA**

Where can I get advice or additional guidance?

You should seek guidance or financial advice before making decisions. A financial adviser can help you decide which option is right for you. There is likely to be a cost for this.

To find a financial adviser near you, visit **unbiased.co.uk** You can get free impartial guidance and more information about shopping around at Pension Wise a service from MoneyHelper. Visit **moneyhelper.org.uk/pensionwise** Alternatively call **0800 138 3944,** call charges will vary.

If you're a Growth Partners customer, you can arrange a free guidance session with our pensions consultant via the **My SMART-e** app.



Disclaimer:

- This article relates to Defined Contributions (DC) pensions only.
- In a DC pension (this includes most workplace and personal pensions) you pay in regularly, and your employer may contribute too. This money is invested, and the amount you get back will depend on how much you've paid in, investment performance, charges deducted and how you take money out.

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