



MANAGING YOUR PENSION SAVINGS

*Helping you manage your pension in a way that works
for you, and maximise your savings for retirement.*



UNDERSTANDING YOUR PENSION SAVINGS

As Independent Financial Advisers, we believe that everyone should have a good understanding of their finances, and being more engaged with your pension is an easy step that your future self will thank you for.

Everybody will be affected by pensions at some point: from funding your pension throughout your life; using as a source of income at retirement; or for inter-generational wealth planning.

When used correctly, pensions are most notable for being an excellent way of saving tax-efficiently for your retirement. However, there are many rules, options and tax considerations that come with pensions, making it a complex topic that often requires professional advice to plan effectively.

Throughout this guide, we aim to help you understand pensions better by providing some key considerations and tips for managing your own pension.

Firstly, it is important to understand that there are different types of pensions available. Pensions can be categorised under three main types, each with their own rules and allowances to be aware of:

- State Pension
- Workplace Pension
- Personal Pension

TYPES OF PENSION: STATE PENSION



Most people can claim a State Pension when they reach State Pension age. This is paid by the Government in regular instalments, and the amount depends on your National Insurance contribution record. There are some rules to be aware of regarding the State Pension, and changes were made to this in recent years, so it is wise to check the Government website for up to date details.

Some of the main questions triggered on this topic include; “When will this be paid?” and “How much will I receive?”. The truth is, when it is paid keeps moving as the state retirement age changes, but you can request a State Pension Forecast directly via the Pension Service. This will also be able to tell you when you can expect to receive your State Pension.

For many clients it is unlikely that the State Pension would fund their retirement in its entirety, so it is important to know what you will receive and when to factor this into your retirement planning.

Throughout your career, whether employed or self-employed, you will build up an entitlement to the State Pension. The new State Pension will rise to £241.30 per week and the old (or basic) State Pension to £184.90 per week as of April 2026. In order to qualify for the full amount you need to have 35 qualifying years of National Insurance (NI) credits (you can check your position online at www.gov.uk/check-state-pension).

For many clients, it is unlikely that the State Pension would fund their retirement needs in its entirety, but you can pay for any missing contributions to your National Insurance payments in order to receive the full State Pension.

As an employee, you receive a credit for each tax year you earn above £242 per week (£12,570pa) but you may also receive a credit if you are not paying National Insurance but earn above £120 per week (£6,240pa). Working part time may have an impact on your State Pension if your income is below the above thresholds.

There are state benefits available in certain circumstances that provide National Insurance credits, such as child benefit and the carers allowance. Should you not qualify for National Insurance credits and have a shortfall in your NI credits, as you approach State Pension age, you are able to make voluntary NI payments if required.



TYPES OF PENSION: WORKPLACE & PERSONAL PENSIONS

Workplace Pensions

Since Automatic Enrolment was introduced in 2012, employers are legally required to contribute into an employee's pension once enrolled (or should you choose to opt-in, if you are not automatically enrolled). The minimum employer contribution is 3%, but some employers choose to be more generous and will contribute above this figure.

Accepting you are also likely to be required to contribute (typically 5% as a minimum, but check your employer scheme rules), throughout your working career, the value of these contribution are likely to add up to a significant value. This would be lost if you decide not to participate in your employer's workplace pension scheme.

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