

# FOCUS ON: PENSIONS

## Saving for Your Retirement

*For Younger Generations*

### WHAT IS A PENSION?

A pension is a cash savings pot which you and your employer can pay into. As an employee, you can get **tax relief** on money you pay into your pension fund. A pension is a great way of saving for your retirement! You can draw money from your pension when you retire.



### TAX RELIEF:

As a reward for saving for your retirement, the Government **tops up** the amount you put into your pension. The amount of tax relief you get depends on the **highest rate of tax you pay!** E.g. if you pay 20% income tax, you only need to contribute £80 for your pension to receive £100!

### WHAT IS AUTOMATIC ENROLMENT?

Automatic Enrolment legislation requires all **UK employers** to set up a workplace pension scheme for employees who meet certain criteria, i.e. **you must work in the UK, earn over £10,000 a year and be aged between 22 and under State Pension Age** (currently age 66 for women and men). Contributions must be a minimum of **8% of qualifying earnings**: 3% employer, 4% employee, 1% government (remember tax relief!)



Qualifying earnings are earnings between a lower and upper limit set each year by the government!

Pension savings aren't something that people tend to prioritise until they reach their late thirties or beyond. Pensions are one of the most tax-efficient ways to save for your future thanks to pension tax relief - meaning it costs you less to save more.

### WHY SAVE?

**CONTRIBUTE MORE IF YOU CAN!**

**Consider this:** The number of people reaching 100 years of age rose to its highest ever level in 2020, increasing by nearly 20% from the previous year.

Retirement savings are required to last longer than ever before! The State Pension is not enough to live on.

**LAURUS ASSOCIATES**  
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