

No selling. No jargon. Just the facts.

Important information about your yearly pension statement

Under government regulations for defined contribution pension schemes, your pension provider must give you a yearly illustration of the pension income you might get at retirement. This is to help you decide whether you will be able to afford the standard of living you want in retirement or whether you need to save more.

To estimate your pension income in today's prices, your pension provider has to make some assumptions.

These include:

- future payments into your pension plan;
- how the funds in your pension plan may grow;
- future inflation; and
- how much it might cost to buy a pension income with your pension plan when you retire.

Your pension income may look lower than estimates you may have seen before, because inflation is taken into account. Here's an example of the effect of inflation:

Not allowing for inflation

At retirement in 20 years' time and not allowing for inflation, a person's pension income (based on certain assumptions) is estimated to be **£10,000 each year**.

After allowing for inflation

After allowing for inflation estimated at 2.5% each year, based on the Retail Price Index, in 20 years time the £10,000 will have the buying power of **£6,100 in today's prices**.

Although the income is still £10,000 it would only buy as much as £6,100 does today.

Remember the pension income shown on your statement is only an illustration, not a guarantee. Nobody can be certain about future investment returns, interest rates or inflation.

Using your pension illustration, you can decide whether the pension income is likely to meet your needs. Take account of any other pensions you might have, such as State pensions, or other work-based or personal pensions.

If you have any questions about your pension illustration, contact your pension provider.

If you feel that your income in retirement won't meet your needs, you may want to get financial advice about the options available to you to increase it. If you're thinking of paying more into your pension, you could:

- speak to your pension provider or your financial adviser; or
- speak to your employer if you're in a work-based scheme.

Useful contacts

Financial Services Authority (FSA)

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Helpline: 0300 500 5000

Typetalk: 1800 1 0300 500 5000

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For pension information

The Pensions Advisory Service

For general pensions information

0845 601 2923

www.pensionsadvisoryservice.org.uk

The Pensions Service

For information about State pensions

0845 606 0265

www.pensionservice.gov.uk

The Pensions Regulator

For information about work-based pensions

Customer support

0870 606 3636

www.thepensionsregulator.gov.uk

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This is general information to help you make financial decisions. It is not advice, and cannot take account of your individual circumstances. When making decisions about your own circumstances you should consider whether to consult a financial or other professional adviser.