

### Stakeholder & Personal Pensions

Example based on 30 year old planning to retire aged 65 making a £100 regular monthly payment.

Provider	Product Name	Illustrated Fund	Charges & Deductions	Charges in Early Years	Stakeholder
<b>AEGON Scottish Equitable</b>	FPP - Financial Adviser Charge Option	Mixed Fund	£25,748	£496	No
<b>AEGON Scottish Equitable</b>	FPP - Financial Adviser Charge Option	With Profits Growth Fund	£25,748	£496	No
<b>AEGON Scottish Equitable</b>	FPP - Establishment Charge Option	Mixed Fund	£28,896	£781	No
<b>AEGON Scottish Equitable</b>	FPP - Establishment Charge Option	With Profits Growth Fund	£28,896	£781	No
<b>Scottish Life (Royal London)</b>	Pension Portfolio	Managed Fund	£29,648	£332	No
<b>Scottish Life (Royal London)</b>	Pension Portfolio	Unitised With Profits	£29,648	£332	No
<b>Friends Provident</b>	Milestones Online Stakeholder Plan	Managed Fund	£29,745	£63	Yes
<b>Prudential</b>	Pru Flexible Retirement Plan	Prudential Managed A Fund	£30,600	£139	No
<b>Scottish Widows</b>	Stakeholder PPP	Consensus Fund	£34,000	£63	Yes
<b>Scottish Widows</b>	Stakeholder PPP	Consensus Fund	£34,000	£63	Yes
<b>Scottish Widows</b>	Stakeholder PPP - Web Only	Consensus Fund	£36,900	£63	Yes
<b>B &amp; C E Insurance Ltd</b>	EasyBuild (Non Restricted)	EasyBuild Managed Fund	£37,100	£75	Yes
<b>Friends Provident</b>	The Personal Range Individual Personal Pension	Managed Fund	£38,244	£78	No
<b>Friends Provident</b>	The Personal Range Individual Stakeholder Pension	Managed Fund	£38,244	£78	Yes
<b>Standard Life</b>	Personal Pension Flex	Pension Managed 1 Fund	£39,000	£78	No

## Fixed Rate Remortgages

Example based on estimated property Value £150,000, borrowing £75,000 over 25 Years on a repayment basis. No extended tie-in periods.

Provider	Rate Type	Initial Rate	Monthly Cost	Until/for	Tie-in-period	Standard Rate	Monthly Cost	25 Year APR
The Mortgage Works	Fixed	2.24%	£327	31/01/2014	31/01/2014	4.79%	£421	Pending
Leeds Building Society	Fixed	2.29%	£329	31/01/2014	31/01/2014	5.69%	£457	5.40%
Hanley Economic Building Society	Fixed	2.35%	£331	30/11/2013	30/11/2013	5.19%	£438	5.00%
Santander UK Plc	Fixed	2.35%	£331	02/02/2014	02/02/2014	4.24%	£400	4.10%
NatWest	Fixed	2.45%	£335	31/10/2014	0 months	4.00%	£391	3.90%
Royal Bank of Scotland	Fixed	2.45%	£335	31/03/2014	31/03/2014	4.00%	£391	3.90%
Leeds Building Society	Fixed	2.49%	£336	31/01/2014	31/01/2014	5.69%	£458	5.40%
Skipton Building Society	Fixed	2.58%	£339	31/01/2014	31/01/2014	4.95%	£428	3.90%
ING Direct	Fixed	2.49%	£336	30/11/2013	30/11/2013	3.50%	£372	3.50%
NatWest	Fixed	2.65%	£342	31/03/2014	30/03/2014	4.00%	£391	3.90%
Royal Bank Of Scotland	Fixed	2.65%	£342	31/03/2014	31/03/2014	4.00%	£391	4.00%
Market Harborough Building Society	Fixed	2.69%	£344	31/12/2013	31/12/2013	5.49%	£451	5.10%
Cumberland	Fixed	2.74%	£346	01/12/2013	01/12/2013	4.49%	£411	4.30%
Principality Building Society	Fixed	2.74%	£346	31/12/2013	31/12/2013	4.99%	£431	4.80%
Skipton Building Society	Fixed	2.78%	£347	31/01/2013	31/01/2014	4.95%	£429	4.90%
Chelsea Building Society	Fixed	2.79%	£348	31/01/2014	31/01/2014	5.79%	£463	5.60%
Mansfield	Fixed	2.79%	£348	24 months	24 months	5.59%	£456	5.30%
Santander UK Plc	Fixed	2.79%	£348	02/02/2014	02/02/2014	4.24%	£401	4.10%
Santander UK Plc	Fixed	2.79%	£348	02/02/2014	02/01/2014	4.24%	£401	4.20%
Santander UK Plc	Fixed	2.79%	£348	02/02/2014	02/01/2014	4.24%	£401	4.20%

## Variable Rate Remortgages

Example based on estimated property Value £150,000, borrowing £75,000 over 25 Years on a repayment basis. No extended tie-in-periods.

Provider	Rate Type	Initial Rate	Monthly Cost	Until/for	Tie-in-period	Standard Rate	Monthly Cost	25 Year APR
Holmesdale Building Society	Discounted Variable	1.99%	£318	24 months	24 months	4.89%	£425	4.60%
HSBC	Discounted Variable	1.99%	£318	31/01/2014	31/01/2014	3.94%	£387	3.70%
The Mortgage Works	Tracker (stepped)	1.99%	£318	31/01/2013	31/01/2014	4.79%	£422	Pending
Chelsea Building Society	Tracker (stepped)	2.09%	£321	31/12/2013	31/12/2016	5.79%	£452	4.90%
Santander UK plc	Tracker	2.09%	£321	24 months	02/01/2014	4.24%	£399	4.00%
Santander UK plc	Tracker	2.09%	£321	24 months	02/01/2014	4.24%	£399	4.00%
Chelsea Building Society	Tracker (stepped)	2.19%	£325	31/12/2013	31/12/2016	5.79%	£453	5.00%
Chelsea Building Society	Tracker	2.19%	£325	31/01/2014	31/01/2014	5.79%	£461	5.40%
NatWest	Tracker	2.19%	£325	31/03/2014	31/03/2014	4.00%	£390	4.00%
Royal Bank of Scotland	Tracker	2.19%	£325	31/03/2014	31/03/2014	4.00%	£390	4.00%
The Mortgage Works	Tracker	2.19%	£325	31/01/2014	31/01/2014	4.79%	£421	Pending
Chelsea Building Society	Tracker	2.29%	£329	31/01/2014	31/01/2014	5.79%	£461	Pending
Royal Bank of Scotland	Tracker	2.19%	£325	30/11/2013	30/11/2013	4.00%	£390	4.00%
The Mortgage Works	Tracker (stepped)	2.19%	£325	31/01/2014	31/01/2014	4.79%	£421	Pending
Chelsea Building Society	Tracker	2.29%	£329	31/01/2014	31/01/2014	5.79%	£461	5.40%
Yorkshire Building Society	Tracker (stepped)	2.29%	£329	31/12/2013	31/12/2016	4.99%	£424	4.90%
The Mortgage Works	Tracker (stepped)	2.34%	£330	31/01/2013	31/01/2014	4.79%	£423	Pending
Skipton Building Society	Tracker	2.38%	£332	24 months	24 months	4.95%	£428	4.80%
Abbey (Santander)	Tracker	2.39%	£332	24 months	02/01/2014	4.24%	£400	4.10%
Abbey (Santander)	Tracker	2.39%	£332	24 months	02/01/2014	4.24%	£400	4.10%

## Life Insurance

Example based on Level Term Life Assurance of £100,000 over 20 years

Male, aged 35. Non smoker		Male, aged 35. Smoker		Female, aged 35. Non smoker		Female, aged 35. Smoker	
Company	Mth Premium	Company	Mth Premium	Company	Mth Premium	Company	Mth Premium
Legal & General Level Term Assurance (Electronic)	£7.50	PruProtect Essentials Accelerator	£11.82	Level & General Level Term Assurance (Electronic)	£6.14	PruProtect Essentials Accelerator	£9.46
Legal & General Level Term Assurance (Paper)	£7.50	LV=FPP Online Term	£13.41	Legal & General Level Term Assurance	£6.14	Aviva Term Assurance	£10.40
Legal & General Level Term Assurance (Electronic)	£7.50	Zurich Level Protection Plan – (Electronic)	£13.50	Legal & General Mortgage Term Assurance (Electronic)	£6.14	Aviva Term Assurance (Electronic)	£10.40
Legal & General Level Term Assurance (Paper)	£7.50	Zurich Level Protection Plan – (Paper)	£13.50	Legal & General Mortgage Term Assurance (Paper)	£6.14	LV=FPP Online Team	£10.49
Bright Grey Lifestyle Protection Plan	£7.65	Legal & General Level Term Assurance (Electronic)	£13.58	Bright Grey Lifestyle Protection plan	£6.27	Zurich Level Protection Plan – (Electronic)	£10.50
Aviva Term Assurance	£7.90	Legal & General Level Term Assurance (Paper)	£13.58	Aviva Term Assurance	£6.60	Zurich Level Protection Plan – (Paper)	£10.50
Aviva Term Assurance (Electronic)	£7.90	Legal & General Mortgage Term Assurance (Electronic)	£13.58	Aviva Term Assurance (Electronic)	£6.60	Legal & General Level Term Assurance (Electronic)	£10.55
LV= FPP Online Team	£7.94	Aviva Term Assurance	£13.60	Zurich Level Protection Plan - Electronic	£6.70	Legal & General Level Term Assurance (Paper)	£10.55
Aviva Simplified Life Level Term	£7.99	Aviva Term Assurance (Electronic)	£13.60	Zurich Level Protection Plan – Paper	£6.70	Legal & General Mortgage Term Assurance (Electronic)	£10.55
PruProtect Essentials Accelerator	£8.00	Aviva Simplified Level Term	£13.71	LV = FPP Online Team	£6.78	Legal & General Mortgage Term Assurance (Paper)	£10.55

## Critical Illness Insurance

Examples based on male / female aged 30 with £100,000 of critical illness cover over a term of 25 years.

Male, aged 30. Non smoker		Male, aged 30. Smoker		Female, aged 30. Non smoker		Female, aged 30. Smoker	
Company	Mth Premium	Company	Mth Premium	Company	Mth Premium	Company	Mth Premium
Synergy	£14.73	Synergy	£19.97	Synergy	£21.27	Synergy	£24.30
Zurich (P)	£21.90	Zurich (P)	£35.60	Zurich (P)	£23.00	Friends Provident	£31.14
Zurich (E)	£21.90	Zurich (E)	£35.60	Zurich (E)	£23.00	Zurich (E)	£31.40
Friends Provident	£21.91	Friends Provident	£36.42	LV	£23.66	Zurich (P)	£31.40
AEGON	£22.43	Legal & General (E)	£36.80	Bupa	£23.88	LV	£31.42
LV	£22.67	Legal & General (P)	£46.40	Scottish Provident	£24.03	Legal & General (E)	£32.30
Scottish Provident	£22.85	AEGON	£38.37	Legal & General (E)t	£24.50	Scottish Provident	£34.44
Legal & General (E)	£23.60	Scottish Provident	£38.37	Friends Provident	£26.02	Bupa	£34.99

## Home Insurance

Example based on 3 bedroom detached house. Rebuild cost £100,000 with £30,000 contents cover. Voluntary excess £100 buildings and contents

Provider	Annual Premium	Monthly Premium	
Quinn Direct	£202.56	£17.28 (10 months), deposit £43.27.	<b>Total £216.07</b>
Ehome	£207.29	£15.45 (11 months), deposit £71.23.	<b>Total £241.18.</b>
Key Connect	£226.58	£22.75 (10months), deposit £20.60.	<b>Total £248.10.</b>
Key Connect	£237.18	£23.82 (10 month), deposit £21.56.	<b>Total £259.76.</b>
Elephant.co.uk	£242.12	£24.32 (10 months), deposit £22.01.	<b>Total £265.21.</b>
Pearl	£248.78	£24.32 (10 months), deposit £22.61	<b>Total £272.41.</b>
AA	£287.34	£28.73 (11 months), deposit £28.73.	<b>Total £332.54</b>
1 <sup>st</sup> Quote	£289.52	£27.30 (10 months), deposit £59.93.	<b>Total £332.93.</b>
PRESTIGE	£301.83	£28.39 (10 months), deposit £62.31.	<b>Total £346.12.</b>
Igo4value	£310.26	£27.63 (10 months), deposit £62.05.	<b>Total £338.35.</b>
CoverDirect	£313.83	£29.87 (10 months), deposit. £47.14.	<b>Total £345.84.</b>
Quotelinedirect	£320.28	£30.00 (12 months), no deposit.	<b>Total £360.00.</b>
BROKER KING	£325.64	£33.59 (12 months), no deposit	<b>Total £403.08.</b>

## Landlord Insurance

Example based on property valued at £200,000

Provider	Annual Premium	Total Excess	Buildings Cover	Public Liability Cover	Loss of Rent
Finsbury Insurance Group	£176.05	£250	£100,000	£2,000,000	20%
Brit Assurance	£187.58	£250	£100,000	£2,000,000	20%
Acumus	£195.59	£250	£100,000	£2,000,000	20%

## Key Person Insurance

Example based on male, aged 30 for £100,000 of cover over a period of 25 years.

Provider	Monthly Premium	Premium Type	Terminal Illness Benefit
Friends Provident Business Protection	£27.94	Guaranteed	Yes
Legal & General Business Protection	£26.90	Guaranteed	Yes
AEGON Scottish Equitable Protection	£27.94	Guaranteed	Yes
Bright Grey Protection	£28.08	Guaranteed	Yes

## Accident, sickness and unemployment cover

Example based on 30 year old UK resident in permanent employment working 37.5 hours per week. Accident, sickness and unemployment cover with £1,000 of monthly benefit to cover mortgage payment plus £500 extra cover for bills etc. Protection runs for 2 years.

Provider	Product name	Max no of payments A&S/U	Waiting period A&S	Waiting period U	Monthly cost	Cost over term
<b>lprotect</b>	Accident, Sickness & Unemployment (180 days)	6	211 days	121 days	£13.65	£327.60
<b>helpucover</b>	Accident, Sickness & Unemployment (180 days)	6	211 days	211 days	£14.25	£342.00
<b>Ant Insurance</b>	Accident, Sickness & Unemployment (180 days)	6	211 days	211 days	£14.55	£349.20
<b>Monster Insurance</b>	Accident, Sickness & Unemployment (90 days)	6	211 days	211 days	£15.00	£360.00
<b>lprotect</b>	Accident, Sickness & Unemployment (90 days)	6	121 days	211 days	£15.15	£363.60
<b>Monster Insurance</b>	Accident, Sickness & Unemployment (180 days)	12	211 days	211 days	£16.20	£388.80
<b>lprotect</b>	Accident, Sickness & Unemployment (180 days)	6	211 days	91 days	£16.35	£392.40
<b>Ant Insurance</b>	Accident, Sickness & Unemployment (90 days)	6	121 days	211 days	£16.50	£396.00
<b>lprotect</b>	Accident, Sickness & Unemployment (90 days)	6	121 days	121 days	£16.50	£396.00
<b>lprotect</b>	Accident, Sickness & Unemployment (60 days)	6	91 days	211 days	£16.80	£403.20
<b>Ant Insurance</b>	Accident, Sickness & Unemployment (180 days)	6	211 days	121 days	£17.10	£410.40
<b>Monster Insurance</b>	Accident, Sickness & Unemployment (90 days)	6	121 days	121 days	£17.10	£410.40

## Annuities

Example based on Male purchasing an annuity, aged 65. Smoker/all : All. Pension fund of £20,000. Joint life annuity, no guarantee. Age of spouse - 60. Level of income for spouse - 50%.

Provider	Smoker/All	Monthly Income		
		Level	Increasing by 3%	Increasing by RPI
Reliance Mutual	Smokers only	£101.00	£72.00	n/a
Just Retirement	Smokers only	£100.00	£72.00	£64.00
Partnership Assurance	Smokers only	£95.00	£66.00	£54.00
MGM Advantage	All	£94.00	£66.00	£58.00
Legal & General	All	£92.00	£62.00	£52.00

Male purchasing an annuity, aged 65. Smoker/all : All. Pension fund of £20,000. Joint life annuity, 5 year guarantee. Age of spouse - 60. Level of income for spouse - 50%.

Reliance Mutual	Smokers Only	£101.00	£72.00	n/a
Just Retirement	Smokers Only	£100.00	£72.00	£64.00
LV	Smokers only	£99.00	£70.00	£54.00
Partnership Assurance	Smokers only	£95.00	£66.00	£54.00
Saga	All	£91.00	£61.00	£53.00

**Male purchasing an annuity, aged 65. Smoker/all : All. Pension fund of £20,000. Joint life annuity, 10 year guarantee. Age of spouse - 60. Level of income for spouse - 50%.**

<b>Reliance Mutual</b>	Smokers only	£99.00	£71.00	n/a
<b>Just Retirement</b>	Smokers only	£98.00	£71.00	£63.00
<b>LV</b>	Smokers only	£98.00	£69.00	£54.00
<b>MGM Advantage</b>	Smokers only	£93.00	£65.00	£57.00
<b>Partnership Assurance</b>	Smokers only	£93.00	£65.00	£54.00

## Endowments

**Example based on 30 year old male, non-smoker making a £100 regular monthly payment.**

<b>Provider</b>	<b>Product Name</b>	<b>Illustrated Fund</b>	<b>Charges &amp; Deductions</b>	<b>Charges in Early Years</b>
<b>Police Mutual</b>	Regular Savings	With Profit	£1,467	£909
<b>Teachers Assurance</b>	Guaranteed Savings Plan	With Profit	£1,750	£1,060
<b>Wesleyan</b>	Fixed Term Saving Plan	Wesley Life With Profit Fund	£1,833	£282
<b>Scottish Friendly Assurance</b>	Prosperity Savings Plan	With Profits Fund	£2,120	£1,370
<b>Sheffield Mutual Friendly Society</b>	Regular Savings Plan	With Profits Fund	£2,222	£918
<b>Red Rose Friendly Society</b>	Savings Endowment	Traditional Endowment With Profits	£2,240	£1,090

## Savings Accounts

Example based on initial deposit of £10,000 with option to make regular deposits. Notice period up to 1 year. Available only to adults. Taxable.

Provider	Product Name	Initial Rate	Rate Type	Until/for
Saga	Fiver Year Fixed Rate Internet Savings Bond	4.50%	Fixed	Term
Saga	Fiver Year Fixed Rate Internet Savings Bond	4.41%	Fixed	Term
Saga	3 Year Fixed Rate 4.00% Savings Account	4.00%	Fixed	Term
Saga	Internet 3 Year Fixed Rate Bond	4.00%	Fixed	Term
Saga	3 Year Fixed Rate 3.93%	3.93%	Fixed	Term
Saga	Internet 3 Year Fixed Rate 4.00% Savings Account	4.00%	Fixed	Term
Saga	3 Year Fixed Rate 3.93% Savings Account	3.93%	Fixed	Term
Saga	Internet 3 Year Fixed Rate 3.93% Savings Account	3.93%	Fixed	Term
Saga	2 Year Fixed Rate 3.60% Savings Account	3.60%	Fixed	Term
Saga	Internet 2 Year Fixed Rate 3.60%	3.60%	Fixed	Term
Aldermore	120 Day Notice Account	3.20%	Fixed	Term
Manchester Building Society	Premier Notice Issue 37	3.16%	Fixed	Term
Aldermore	120 Day Notice Account	3.20%	Variable	Ongoing
Manchester Building Society	Premier Notice Issue 37	3.16%	Variable	Term
Aldermore	120 Day Notice Account	3.15%	Variable	Ongoing
Julian Hodge Bank	Extra High Interest Deposit	3.05%	Variable	Ongoing
Julian Hodge Bank	Extra High Interest Deposit	3.01%	Variable	Ongoing
Post Office Ltd	Online Saver Issue 4	3.01%	Variable	Ongoing

## Unit Trust and OEIC ISAs

Example based on IMA (Investment Management Association) fund sector of All UK Companies. £3,600 invested as a single lump-sum payment for minimum 10 years.

Provider	Product Name	Illustrated Fund	Charges & Decutions	Charges in Early Years	Transfers in	Transfers out	Stakeholder
<b>HSBC Trust Company (UK) Ltd</b>	ISA £	FTSE 100 Index Fund – R	£188	£35	Standard charges	Free	No
<b>HSBC Trust Company (UK) Ltd</b>	ISA £	FTSE All Share 250 Index Fund - R	£188	£35	Standard charges	Free	No
<b>HSBC Trust Company (UK) Ltd</b>	ISA £	FTSE All Share Index Fund – R	£188	£35	Standard charges	Free	No
<b>Fidelity International</b>	ISA £	Moneybuilder UK Index Fund	£209	£39	Standard charges	Free	No
<b>F&amp;C</b>	Investment Funds ISA £	FTSE All-Share Tracker	£296	£64	Standard charges	Free	No
<b>Legal &amp; General</b>	ISA £	UK Index Trust – (R)	£345	£70	Standard charges	Free	No
<b>M&amp;G</b>	ISA £	Index Tracker Fund A	£346	£66	Standard charges	Free	No
<b>Liontrust</b>	ISA £	Top 100 Fund	£347	£85	Standard charges	Charged	No
<b>Henderson Global Investors</b>	Henderson Investment Funds ISA £	UK Index Fund – R	£417	£85	Standard charges	Free	No
<b>Allianz Global Investors</b>	ISA £	Allianz RCM UK Index Fund - A	£466	£110	Standard charges	Free	No
<b>Fidelity International</b>	ISA £	MoneyBuilder Growth ISA Fund	£507	£119	Standard charges	Free	No
<b>Legal &amp; General</b>	ISA £	UK 100 Index	£507	£104	Standard charges	Free	No
<b>Aviva Investors</b>	Investment ISA £	UK 100 Index Tracking Fund 1	£570	£117	Standard charges	Free	No
<b>Aviva Investors</b>	Investment ISA £	Blue Chip Tracking Fund 1	£587	£121	Standard charges	Free	No

## Investment Bonds

Example based on £10,000 lump sum investment.

Provider	Product Name	Illustrated Fund	Charges & Deductions	Charges in Early Years	Min. Withdrawal	Min. Balance
<b>AEGON</b>	Investment Control	Mixed	£830	£147	£250	£250
<b>Zurich Assurance Ltd</b>	Investment Bond – Flexible	Sterling UK Fund	£917	£238	£1000	£50
<b>Zurich Assurance Ltd</b>	Investment Bond – High Allocation	Sterling UK Fund	£1,010	£252	£1000	£50
<b>Zurich Assurance Ltd</b>	Investment Bond – Standard	Sterling UK Fund	£1,050	£271	£1050	£50
<b>Prudential</b>	Prudential Investment Plan (Clean)	Prudential Managed Fund	£1,290	£265	£500	£50
<b>Zurich Assurance Ltd</b>	Investment Bond – no Exit Penalty	Sterling UK Fund	£1,290	£351	£1,000	£50
<b>Scottish Widows</b>	Investment Bond – Initial Allocation	Balanced Fund	£1,366	£381	£1,000	£20
<b>Scottish Widows</b>	Investment Bond – Matched Charge	Balanced Fund	£1,653	£352	£1,000	£20

The figures and details shown are obtained from sources believed to be reliable. However, the accuracy and completeness of any information cannot be guaranteed and no warranty or representation is given and users must check all rates, conditions and details before finalising any arrangement. No liability can be accepted for any direct or consequential loss arising from the use or reliance upon this information.

## PENSION INFORMATION GUIDE

**NOTE: 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**

Saving for retirement is something that most of us put off for as long as we can. But the reality is that the sooner you start paying into a pension the higher your income in retirement is likely to be. If you're working you're usually building up the right to a basic State Pension – and possibly an additional State pension – but these may not be enough to give you the standard of living you want.

### How Pensions Work

If you're working, you're usually paying National Insurance contributions (NICs). This means you'll be eligible for a basic State Pension. It's a start but it may not be enough to give you the standard of living you want. So you'll need another source of income as well. There are other types of pension, either offered through your employer or ones you can start yourself.

They are all long-term investments which you usually pay into throughout your working life. Depending on the type of pension, your employer may also pay into it. You get tax relief on money you pay-in, and your money is invested in stocks, shares and other investments to try to make it grow. When you retire, your pension fund is usually converted into pension income which is paid to you till you die.

You don't have to stop work to take a stakeholder or personal pension. You can take a pension from your employer's occupational scheme and carry on working for that employer, as long as the scheme rules allow this.

### Different Types of Pension

#### **Basic State Pension**

Your National Insurance contributions (NICs) go towards building up a basic State Pension. The State Pension age is currently 65 for men and between 60 and 65 for women depending on when you were born. It will increase gradually to age 68 in the future. The amount of State Pension you get is based on the amount of NICs you have paid. In some cases you may be credited with NICs if you are not working. Your local social security office can tell you if you are entitled to credits or you can choose to pay voluntary contributions.

### **Additional State Pension**

If you are (or have been) in employment, you may also be building up an additional State Pension – the State Second Pension, formerly SERPS (State Earnings Related Pensions Scheme). The amount of State Second Pension you get depends on your earnings and your NICs record. You may also be entitled to some Second State Pension if:

- Your earnings are below a certain amount set by government.
- You cannot work through long-term illness or disability.
- You are a carer.

*Self-employed people cannot build up a pension through the State Second Pension.*

### **Contracting Out of the State Second Pension**

If you are an employee, you are automatically included in the State Second Pension unless:

- You decide to leave it (called 'contracting out').
- You're a member of an employer's occupational pension scheme that is contracted out.

If you decide to contract out you stop building up your State Second Pension entitlement and build up a replacement for it in your own pension instead (for example in a stakeholder or personal pension). HM Revenue & Customs (HMRC) will pay a rebate of part of your National Insurance contributions into your stakeholder or personal pension. You will continue to be contracted out of the State Second Pension, unless you decide to contract back in. If you are contributing to your employer's occupational pension scheme, and it is a contracted-out scheme, you cannot contract back in while you continue to be a member of that scheme. Check with your employer. You should make sure you review your decision every year. The option to contract out may be removed in the future. You can get a forecast of how much your State Pensions will be from the Pensions Service by completing form **BR19**.

### **Pension Credit**

This is a benefit that the Government introduced to help pensioners with small or no savings at retirement.

### **Pensions at Work**

Although you don't have to join pension schemes offered through your job, it's usually a good idea to do so because:

- Your employer normally contributes.
- You often get other benefits as well as a pension, such as:
  - Life insurance which pays a lump sum and/or a pension to your dependants if you die while working for that employer.

- A pension if you have to retire early because of ill health.
- A pension for your spouse and other dependants when you die.

If you work for a business with fewer than five employees, your employer does not have to offer you membership of any pension scheme. Not all the pensions offered to you in your job are occupational pensions. Your employer may offer a stakeholder pension or a personal pension through a group personal pension (GPP) arrangement. These pensions are not called 'occupational pensions' even though the employer may contribute.

### Salary-Related Occupational Pensions

Your employer may provide a salary-related pension scheme. They are also called defined benefit pensions because the benefit (your pension) is worked out using your salary and the length of time you have been a member of the pension scheme. Usually, the employer contributes to the scheme and there are trustees to look after scheme members' interests. The scheme trustees and manager, not you, usually make all the investment decisions.

### How They Work

You build up a pension at retirement that depends on:

- Number of years you have been a member of the pension scheme;
- The earnings that your pension is based on (often averaged over the last three years before retirement);
- Proportion of those earnings which you get as pension for each year of membership. The most common are 1/60th or 1/80th of your earnings for each year of membership.

### The Benefits of These Schemes Are:

- Pension is based on your length of membership and salary, so you have a fair idea of how much your pension will be (as a proportion of your earnings) before retirement;
- Your employer should ensure there is enough money at the time you retire to pay you the pension.
- Your employer normally contributes.
- You get tax relief on your contributions.
- Scheme investments grow generally free of income tax and capital gains tax.
- Your pension benefits are linked to your salary while you are working, so they automatically increase as your pay rises.
- Your pension income from the scheme will normally increase each year in line with the RPI (Retail Prices Index) or a set percentage, whichever is the lower.

### Is There a Risk?

Some salary-related occupational schemes have become insolvent and there hasn't been enough money in the employer's pension scheme to pay the pensions they had promised to their current and former employees. The Government set up a Pension Protection Fund in April 2005 to provide some protection for members of salary-related schemes.

### Money Purchase Pensions

The pensions listed below are all money purchase pensions:

- Occupational defined contribution pensions – some employers offer these schemes.
- Group personal pensions through work.
- Stakeholder pensions and individual personal pensions.

### How They Work

Money purchase pensions build up a pension fund using your contributions (and your employer's contributions if they make any), plus investment returns (if any) and tax relief. It helps to think of money purchase pensions as having two stages:

Stage 1: The fund is invested, usually in stocks and shares and other investments, with the aim of growing it over the years before you retire. You can usually choose from a range of funds to invest in. Remember though that the value of investments may go up or down.

Stage 2: When you retire, you can take a tax-free lump sum from your fund and use the rest to secure an income – usually in the form of a lifetime annuity. A lifetime annuity is an income you buy with your pension fund when you retire.

The amount of pension you'll get at retirement will depend on:

- Amount you pay into the fund.
- Amount your employer pays in.
- How well your invested contributions perform.
- The charges taken out of your fund by your pension provider.
- The amount you take out as a tax-free lump sum.
- Annuity Rates at the time you retire and the type of annuity you choose.

The benefits of money purchase schemes are that:

- Tax relief on your contributions.
- Fund grows generally free of income tax and capital gains tax.
- You may be able to choose the funds to invest in.
- Your employer may contribute if it's a work-based pension.

### Pensions You Take Out Yourself

Stakeholder and personal pensions are money purchase pensions (the pension you get is not linked to your salary). There are some differences between them.

#### Stakeholder Pensions

Stakeholder pensions must have certain features, including:

- Limited charges.
- Low minimum contributions
- Flexible contributions
- Penalty-free transfers
- Default investment fund – i.e. a fund your money will be invested in if you don't want to choose one.

#### Personal Pensions

Personal pensions are similar to stakeholder pensions, but they usually offer a wider range of investment choices. Personal pension charges may be similar to stakeholder pension charges but some are higher. High charges deducted from your fund by the pension provider can reduce the growth of your fund. High charges do not necessarily mean better performance.

#### Self-Invested Personal Pensions (SIPPs)

SIPPs are a type of personal pension designed for people who want to manage their own fund. Most SIPPs allow investment in a very wide range of funds and investments such as commercial property, offices, shops or factory premises. They often have higher charges than stakeholder and personal pensions. For this reason, they may only be suitable for people who have large funds and are experienced with investing.

### How Much You Can Pay Into Your Pension Each Year

You can pay as much as you like into a pension scheme. However, you'll only get tax relief on up to 100% of your earnings if you are a UK taxpayer. For example, if you earn £20,000 but put £25,000 into your pension scheme, you will only get tax relief on £20,000. You can get tax relief on a limited amount of contributions if you are not earning.

In addition there is an annual allowance which limits the amount of money you can put in each year. This limit is set by HM Revenue and Customs (HMRC) and changes each year. The limit for 2008/2009 is £235,000. Any contributions you make over this limit will be subject to an annual allowance tax charge which is currently 40%.

### How Much Can You Build Up In Your Pension?

There is a lifetime allowance which limits the amount you can accumulate free of tax in all of your pension funds when you come to draw your benefits. The allowance for 2008/2009 is £1.65m. Salary-related scheme benefits are given a value which counts towards the £1.65m.

### Reviewing Your Plans

Retirement planning is not a one-off task. Once you have started a pension or other retirement savings, you should review your plans regularly, make sure you are contributing enough to provide the retirement income you want

And remember to review your plans if your circumstances change. For example, if you get a new job, become self-employed, marry or get divorced.

When reviewing your plans your options may depend on how long you have to go till retirement, whether you have to provide for your partner, and the type of pension you already have.

You should get a benefit statement from the salary-related occupational pension scheme you belong to in your current job. This will show how much retirement pension you have built up so far and the amount you might build up if you carry on in the scheme until retirement. Salaries tend to increase by at least as much as inflation, and sometimes by more, so your forecast pension should maintain its buying power too. You may also get benefit statements from any salary-related occupational pension schemes you used to belong to in the past. Ask for one if you don't get one.

You may be able to buy additional years, which increase the number of main-scheme membership years you are credited with. Each year you should get a statement from each pension provider including those schemes that you no longer contribute to. Ask for one if you don't get one. It will show how much pension income you might get, based on the value of your pension fund today, taking account of future payments into your plan, how the funds might grow, future inflation and pension income from your fund when you retire (usually paid as a lifetime annuity). This is only an illustration, not a guarantee.

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