

A woman with long brown hair, wearing a black hooded cloak with a red interior lining, looks directly at the camera. Her right hand is raised, holding the edge of the hood. The background is a solid teal color.

HELPING YOU TOWARDS
PENSION WELLBEING

SCOTTISH WIDOWS

The logo for Scottish Widows, featuring the company name in a bold, white, sans-serif font. A red swoosh underline is positioned beneath the text, starting under 'SCOTTISH' and ending under 'WIDOWS'.

WHAT IS PENSION WELLBEING?

This guide will help you understand all the basics you need to know about saving for your future. It's also filled with practical information you can use to help check your plans are on track, and stay on track for the retirement you want. We call this 'pension wellbeing'.

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DID YOU KNOW

83% of UK workers over 30 are saving something into a pension...

...but only 59% are saving adequately for retirement*

WHAT IS A PENSION?

We all want a secure and comfortable future and planning it doesn't have to be overwhelming. A great first step is to start thinking about the basics, like 'what is a pension?'

Although the word may sound scary, a pension is simply a tax-efficient way to save money for the long term – your retirement.

Employers must now offer a workplace pension – so you will already be enrolled in one. Every time you pay in, the Government and your employer pays in too.

Self-employed workers typically have to set up their own personal pensions to save for retirement.

To find out more, visit www.scottishwidows.co.uk/retirement/

What is tax relief?

The Government will give you tax relief on your contributions which will help increase the value of your plan.

This means if you're a basic rate tax payer, for every £80 you put into a personal pension the Government will top it up to £100. And if you pay tax on some of your income at a higher or additional rate, you could claim additional tax relief via your self assessment form.

Add what your employer pays in to your pension and it can quickly add up over time.

Tax depends on your personal circumstances and tax rules can change. If you're a Scottish or Welsh tax payer, you will benefit from tax relief at the Scottish or Welsh rate of tax.

1. WHAT HAVE I GOT?

The first step to retirement planning is finding out what you already have. This means looking at any pensions you may have had over the years, tracing them, and checking how much is in them.

In this section you'll discover:

- what a pension is
- how to check your pension
- how parenthood or divorce could affect your pension
- how to trace lost pensions
- what the State Pension is.

Pensions are a long-term investment. The retirement benefits you receive from your pension plan will depend on a number of factors including the value of your plan when you decide to take your benefits which isn't guaranteed, and can go down as well as up. The value of your plan could fall below the amount(s) paid in.



REASON TO FEEL GOOD

Having a pension is an important step to a more comfortable future.



Whether you're starting to save or approaching retirement, our series of Pension Basics films can help you plan for your future. Scan the zapcode to watch our Pension Basics films or visit www.scottishwidows.co.uk/pension-basics/

Take 2 minutes to discover your Pension Personality and the small steps you can take to boost your pension wellbeing.

Scan the zapcode or visit www.scottishwidows.co.uk/pension-personality/



HOW CAN I CHECK MY PENSION?

As you're in a workplace pension, it's important to keep track of how your pension investments are performing.

You have a Scottish Widows pension and will receive an Annual Statement from us which shows what's in your pension pot, and what you might get when you take your benefits.

You can login to check your workplace pension at any time by visiting money4life.scottishwidows.co.uk

Make sure Scottish Widows has up-to-date contact details for you, so we can keep in touch about how your pension is performing.

PARENTHOOD AND PENSIONS

How does parental leave impact my pension?

If you're taking time off to have a baby or look after a child, your pension may not be top of your list of priorities but it's worth thinking about how time away from work could affect your pension contribution.

If you're automatically enrolled in a workplace pension your employer will continue to pay into your pension while you're receiving statutory parental pay. Remember the contributions are based on your salary so if that falls your contributions will too, meaning you'll get less when you come to take your benefits. You may want to think about increasing your contributions for the period you are off or when you return to work. Think about what is best for you.

For more information on how parental leave can affect your pension, watch our Pension Basics film by scanning the zapcode or visit www.scottishwidows.co.uk/pension-basics/



PARTING WAYS WITH A PARTNER

What happens to my pension after divorce?

It's a harsh reality that 42% of marriages end in divorce and only 11% of couples talk about pensions as part of their settlement, showing that pension savings can often be forgotten about.*

There are many ways pension savings can be taken into account, including:

- pension sharing
- pension attachment/earmarking
- pension offsetting.

These can lead to very different outcomes so it's worth thinking about what is best for your circumstances.



For more information, scan the zapcode and watch our film to discover what happens to your pension during a divorce or visit www.scottishwidows.co.uk/pension-basics/

TOP TIP

If you choose not to return to work after having a baby, claiming child benefit will keep up your National Insurance credits which count towards your eligibility to the State Pension.



3 WAYS TO TRACE A LOST PENSION

Life changes fast and it's easy to lose track of an old pension – especially if you've changed employers throughout your career. If you need to track down a lost pension you can:

- 1 contact your old pension provider who can help directly
- 2 contact your old employer if you don't remember the provider
- 3 use the Government's free service to trace lost pensions.



Scan the zapcode or go to www.gov.uk/find-lost-pension/ to find any lost pensions.

4 THINGS YOU NEED TO KNOW ABOUT THE STATE PENSION

Once you reach State Pension age, you will normally be able to receive the State Pension from the Government, which can form part of your retirement income.

- 1 The full new State Pension is £175.20 per week for the 2020/21 tax year.
- 2 To receive the new State Pension, you'll need to have at least 10 years of National Insurance contributions. You'll need 35 years worth of contributions for the full new State Pension.
- 3 There is not one State Pension age – it varies depending when you were born. You could be in your late 60s before you receive it.
- 4 The amount you receive increases slightly if you choose to take it later.



Scan the zapcode or visit www.gov.uk/check-state-pension/ to find out when you can access your State Pension and how much you could get.

Now you hopefully have a better idea of what you have, it's time to look at ways to make the most of it. ►



GOOD TO KNOW

We recommend paying 12% of your earnings into your pension every month. It might sound like a lot but remember this includes anything your employer pays in and tax relief too.*



2. AM I ON TRACK? IS IT ENOUGH?

Once you've worked out what you have, it's time to look at how to make the most of it, and whether it's enough for a comfortable retirement. In this section you'll discover:

- how to boost your pension
- how to transfer your previous pensions
- why the State Pension may not be enough
- free calculator tools that are simple to use
- how your workplace pension works.

*Source: Scottish Widows Retirement Report 2019.

3 WAYS TO GIVE YOUR PENSION A BOOST

If you only pay the minimum into your pension, it may not be enough to enjoy a comfortable retirement. Topping up your pension now could help you achieve a lot more when you retire. Here's three ways you could save a little extra, and remember you'll also benefit from tax relief:



1. One-off top up

Perhaps you came into or inherited some money, or maybe you have spare cash at the end of the month. You could consider making a one-off contribution – adding even a small amount now could make a real difference to the future.



2. Bonus sacrifice

If you are lucky enough to get a bonus, you can make your hard-earned money work even harder by paying part, or all, of your bonus straight into your workplace pension if you have one. Speak to your employer about bonus sacrifice.



3. Pay rise

If you get a pay rise your contributions will increase automatically alongside your salary. This can also be a great time to consider if you can pay in a little bit more every month before you notice a difference in your pay.



Scan the zapcode or visit

www.scottishwidows.co.uk/paymore/ to find out how paying a little more now can really make a difference in the future with our Pay More calculator.

COULD YOU BOOST YOUR TAKE HOME PAY?

What is salary sacrifice?

Salary sacrifice is an agreement between you and your employer where you exchange part of your gross salary (this is your salary before tax) in return for a non-cash benefit such as a pension contribution. The exchanged amount goes into your pension as an employer contribution. This normally means you would benefit from lower National Insurance contributions, ask your employer if they offer salary sacrifice.

To find out more scan the zapcode or visit www.scottishwidows.co.uk/pension-basics/



YOUR SHORTCUT TO PENSION TRANSFERS

How do I combine my pensions?

So, you may have traced your lost pensions and have a number of pots with different providers – but what next? You could think about combining your pension pots.



Why combine?

Having all your plans in one place is easier to manage and it could save you money.



Can you combine?

Is it right for you? Look at the plans you currently have and whether you can combine them. Check you won't lose out on any benefits, guarantees or special features.

Before combining your pots you should consider whether it's right for you. If you're not sure, a financial adviser can help. If you don't have one you can visit <https://v2.unbiased.co.uk/enquiry/scottish-widows>

If you feel you're ready to combine you can complete our transfer process online at www.scottishwidows.co.uk/transfer/



Scan the zapcode to find out more about combining your pensions or visit www.scottishwidows.co.uk/retirement/pension-transfers/

TOP TIP

If you need to trace a lost pension, the Government's free service can help. Visit www.gov.uk/find-lost-pension/

GOOD TO KNOW

You can access your benefits from when you turn 55, but it's likely that you'll be in your late 60s before you can receive the full State Pension. That's why every penny you save now into your workplace pension is key to ensuring a more comfortable retirement.

60 SECONDS ON THE STATE PENSION

Do you expect to use the State Pension as your main source of income in retirement? Whilst the State Pension can help towards an income in retirement it simply may not be enough and you may not be eligible to receive it until many years after you want to retire.

Take just one minute to look at the facts:

WHAT THOSE REACHING STATE PENSION AGE NOW ARE ENTITLED TO

Up to £9,110.40 per year (tax year 2020/21).

WHAT YOU MAY NEED

On average, people say for a comfortable retirement, they'll need an income of £25,102 per year.*



To find out more about the State Pension, scan the zapcode or visit www.gov.uk/new-state-pension/

* Source: Scottish Widows YouGov Survey 2019

4 PENSION TOOLS TO MAKE LIFE EASIER

Please visit your scheme's info site to see all our pension calculators.

1

Our Pension Calculator will give you an idea of how much you should think about putting away each month to help achieve your goals.

"HOW MUCH SHOULD I SAVE INTO MY PENSION EACH MONTH?"

2

Use the Money Advice Service's handy Pension Planner tool to forecast your likely retirement income.

"WHAT WILL I GET IN RETIREMENT?"

3

Try our interactive Your Future Self tool which lets you see what you could look like at retirement, how much pension you will get and how much you should be paying in each month.

"WHAT DOES MY RETIREMENT LOOK LIKE?"

4

Answer a few quick questions on our Pay More calculator to find out how paying in a little more now can really add up in the future.

"HOW MUCH MORE WILL I GET IF I INCREASE MY PAYMENTS?"

GOOD TO KNOW

If you earn between £6,240 and £10,000 per year you won't be auto-enrolled into your workplace pension, but if you choose to opt in, your employer will pay in too.

HOW YOUR WORKPLACE PENSION WORKS

What is automatic enrolment?

This was introduced to help people save for retirement, on top of the State Pension.

Essentially under automatic enrolment, your employer has to include you in a workplace pension scheme, if you're employed, earning over £10,000 in any one job and between the age of 22 and State Pension age.

Since you have a workplace pension, you'll be benefiting from a minimum contribution of at least 8% of your qualifying earnings. This is made up from your and your employers' contributions, and tax relief.

Is it enough?

8% of your income going towards your pension is great, but you can of course pay more than this. Our recent Retirement Report recommended saving in 12% of your total pay, but you should work out what you can reasonably afford and the retirement you want.

If you want to increase your pension contributions you can speak to your employer to see how to do this. You can opt in or out of your workplace pension at any time but it's worth noting your employer has to re-enrol you every 3 years.



Scan the zapcode or visit www.scottishwidows.co.uk/ae2020/ to see how workplace pension contributions add up and how a small increase could make a big difference to your future.

For example, in a Group Personal Pension

You	+	4%
Taxman*	+	1%
Employer	+	3%
Total	=	8%

Now you've looked at ways to boost your pension and checked your plans are on track, discover where you can get more guidance on looking after your pension wellbeing. ►

* The taxman's contribution is in the form of basic rate tax relief.

3. WHAT DO I NEED TO DO NEXT?

It's great knowing you've done all you can to get your plans on track but it's worth remembering you should review how much you're contributing to help keep these plans on track. You should also look at some additional steps you can take to get the most out of retirement.

In this section you'll discover:

- what level of investment risk suits you
- your options on how you can take your pension
- how you can protect yourself and your family financially
- where you can get further advice and guidance
- how Scottish Widows is here for you on your way to pension wellbeing.

GOOD TO KNOW

Your pension pot will usually be invested in your pension scheme's default investment option. Consider if this is the right approach for you.

The value of your investment and any income from it is not guaranteed and can go down as well as up. You may not get back the original amount you invested.

WHAT'S YOUR ATTITUDE TO RISK?

Some people are open to more risk in how their pension is invested, while others seek caution. That's why you may want to consider changing your investment approach to reflect how you feel about risk.

- Are you happy to risk more in order to make a bigger profit? You could be an adventurous investor.
- More concerned with limiting losses? You may be cautious.
- Perhaps you're comfortable with taking a little risk and want to sit somewhere between the 2. You could be the balanced type.

It's worth thinking about your personal circumstances and factors such as whether or not you have other pensions or sources of income that could affect your attitude to risk.



Scan the zapcode to find out the basics about funds and investing or visit www.scottishwidows.co.uk/investing/

HOW WILL YOU TAKE YOUR PENSION?

When you turn 55 you can access your pension but did you know that you have a variety of options on how to take your pension:

- an annuity - take up to 25% of your pension pot as a tax free cash lump sum and use the rest to buy a guaranteed income for life
- flexible access - take up to 25% of your pension pot as a tax free cash lump sum and leave the rest invested, drawing income from it directly as and when you need it.
- take some or all of it as a cash lump sum – up to 25% of each amount you take will be tax free, with the rest subject to income tax
- or you can leave it for now and decide at a later date.

You can also combine these options to get the best approach for you.

Scan the zapcode to compare your options and see what best suits your plans for retirement at www.scottishwidows.co.uk/pensionoptions/



PROTECTION BEYOND PENSIONS

It's also really important to think about protection for you and your family.

People are far more likely to insure things they buy, that's why we're so good at insuring cars, homes and mobile phones but not so good at insuring ourselves and our families.

It's human nature to avoid thinking about death or being diagnosed with a serious illness but, unfortunately these things can and do happen. That's why having the right insurance in place to help protect you and your family from the financial consequences of these events is so important.

Cost of cover is based on a number of factors, such as your age, health, amount of cover and the length of time you want the policy to last.

Generally, the younger you are when you take out the cover, the lower the cost. This means that considering life insurance as early as you can, could be worthwhile.

Scan the zapcode to watch our Life Insurance Basics films and see how Life and Critical Illness Insurance can work for you or visit www.scottishwidows.co.uk/life_insurance/



MAKE THE MOST OF FREE GUIDANCE

These free resources can help you take control of your finances and plan for the future:



www.pensionwise.gov.uk



www.pensionsadvisoryservice.org.uk



www.moneyadvice.service.org.uk



www.moneysupermarket.com



www.scottishwidows.co.uk



We are proud to be in our fourth year of partnership with Mental Health UK, working together to support thousands of people across the country with their mental health and wellbeing.

WHERE TO GO IF YOU'RE LOOKING FOR ADVICE

If you still can't find the information you need, or are looking for an additional level of support with planning for your financial future, www.unbiased.co.uk can help you find an independent financial adviser in your area.



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