

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.

Remember, this is general information and isn't the same as getting financial or other professional advice. For advice based on your own circumstances, talk to a professional adviser.

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

Call rates may vary – check with your telephone provider for their charges.

To order other MONEYmadeclear™ guides, check our Register or for general information or guidance

Financial Services Authority (FSA)

Consumer Helpline: 0845 606 1234
 Minicom/Textphone: 08457 300 104
www.moneymadeclear.fsa.gov.uk

If you would like this guide in Braille, large print or audio format, please call our Consumer Helpline.

To help us maintain and improve our service, we may record or monitor calls.

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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