

# Why should I save into my pension?

It's never too early or late to start planning what income you will need to live on when you retire.

The choice of whether you contribute to a pension scheme is entirely yours, and that's why it's important to do your own research before making a decision.

## Did you know?

The state pension for the tax year 2022/2023 is £185.15 a week. This equates to £9,628 a year, based on a full 35 years National Insurance contribution record.

## Four advantages of saving into a pension

### 1. Tax Relief

If you decide to contribute some of your income to your pension, the government will offer you tax relief. This means that, as well as the money you're putting in, some of the money that would have gone to the government as tax, now goes into your pension pot instead. This is essentially free money and helps to increase your savings pot.

**On average, women have 64% less saved in their pension, in the UK, than men.**

women

men

[Pension statistics \(finder.com\)](https://finder.com/pension-statistics)

### 2. Employers Contribution

To encourage more people to save for their retirement, employers are now legally required to automatically enrol eligible workers onto a pension. Depending on your eligibility, your employer will contribute too. Like tax relief, this is like receiving free money.

If you earn 30k a year and your employer pays 3%, after 12 months, they would have contributed £900.

### 3. 25% Tax Free

Usually, when you retire, you can take up to a quarter (25%) of your pension savings as a tax-free lump sum. This money can be used in whatever way you wish. The larger the sum of your pension pot when you reach retirement age, the larger your tax-free lump sum.

### 4. State Pension Top-Up

Saving into a pension can help to top up your income during retirement.

**For further information** - The Money Helper website has tools to help you with various aspects of your financial health. The links below will help you find out how much money you will need to support yourself during retirement.

- [Pension calculator | Work out your retirement income | MoneyHelper](#)
- [Pensions & Investing - MoneySavingExpert](#)
- [Check your State Pension age - GOV.UK \(www.gov.uk\)](#)

