

Saving For Your Future

Up until recently, the majority of the UK population have assumed that their income in retirement will be provided by the Government in the form of the state pension. For employees in the public sector and in large corporations, there was always the defined benefit / final salary pension to rely on. However, in recent years the actuaries have identified significant short falls in pension pots and in companies' ability to fund their pension schemes. Initially new starters were put into defined contribution schemes but now many final salary pension schemes have closed and all employees are in DC schemes.

In April 2001, Stakeholder pensions schemes were introduced. The idea was that there were fixed costs, greater flexibility and employers did not have to contribute to the pension, but employees had an easily accessible pension vehicle open to them. Uptake was very poor and many employees are still without proper pension provisions.

So who is saving for your future?

In 2008 The Pensions Act introduced new obligations and NEST was established to enable employers without a pension scheme to offer one. The scheme has been designed so that:

- employers have to contribute to their employees' pension pot,
- over time both the employer and employee will contribute 4% each per annum (with tax breaks) and;
- employees are automatically enrolled in the employer's pension scheme unless they actively opt out.

Auto enrolment commenced for the largest of companies on 1st October 2012 and there is a very specific timetable of dates by which all employers must have a suitable pension scheme set up and be automatically enrolling their staff in it.

Are you saving for your future?

No matter what your age, as soon as you are working, you should be thinking about your retirement. As a nation we are living longer and can spend almost as much of our life in retirement as we do in work. Having a sufficient pension income is essential as the state has admitted that they will not be able to afford the full pension bill in the future. There will be fewer people working and therefore less tax income to support the retired. It is up to all of us as individuals, whether employed or not, to ensure that we have made sufficient provisions for our old age, so that we can live to a reasonable standard and enjoy the retirement we have worked so hard for.

For more information, see our [free downloads](#) or take a look at [The Nest website](#).