Pension Scheme

A pension scheme is a type of savings plan that helps you save for later in life. It's one of the best ways to grow your money steadily over time.

There are three main types of pension in the UK. The scheme that we operate at the Pontypridd Ministry Area is a **Defined contribution pension.** They are sometimes called a 'money purchase' pension or referred to as a pension pot, these schemes are very common today. It could be a personal plan set up by you or a workplace pension, such as Nest, arranged by your employer.

Money is paid in by you or your employer over time and is invested by the pension provider. The size of your pension pot at retirement depends on how much was paid in and how well your investments have done.

It's up to you how you take your money out of a defined contribution pension. You should spend time getting to know all your options before deciding what works best for you. At Nest, they try to make your choices at retirement easy to understand, so you feel in control.

Auto enrolment

If you earn above the required threshold and you're in the right age group, your employer will have to automatically enrol you into a workplace pension scheme. This means they'll also make contributions into your pension pot. If you're not automatically enrolled, then speak to your employer as you may still be entitled to opt in.

Opting out

If you've been automatically enrolled but don't want to be a member, you can opt out during your one month opt-out period. You must be enrolled before you can opt out.

What gets paid into your pot?

8% of your qualifying earnings, which are the part of your salary that your contributions are calculated from. For the 2023/24 tax year, you'll pay contributions on any earnings between £6,240 and £50,270. Some employers may use a different method to calculate contributions, so the exact amount you'll pay can vary from company to company.

You as an employee contribution is 5% of your qualifying earnings. Most people will only pay around 4% of their take-home pay as they'll get tax relief from the government every time they contribute.

If you get tax relief or contributions from your employer, this is a great way to boost your contributions. If you pay in £40, we'll claim £10 from the government and add it to your pot – if you're eligible. You could also get another £30 from your employer, boosting your initial £40 contribution up to £80. That's £40 extra money saved towards a more comfortable retirement - and our investment performance could grow it even further.

Accessing your Nest pension
In general, you can start taking money out of your Nest pension from the age of 55. However, it's important to remember that the earlier you access your pot, the lower its value might be. That's because you've had less time to make contributions and we've had less time to grow your money. So, you might want to pay into your pot for longer to try and increase how much you'll have at retirement. If you plan on leaving your money with them past your State Pension age, let them know when you'll need it so they can manage it more effectively. You can do this by logging in to your Nest account.

Auto enrolment
As you go through your working life it's likely that you'll benefit from auto enrolment, which was introduced by the Pensions Act 2008. Under these rules all employers in the UK are legally required to put certain staff into a pension scheme and pay money into their pension pots.

Tax relief helps your pension grow.
One of the best things about saving into a workplace pension is tax relief. For every 80p you contribute to your Nest pension, they'll claim 20p from the government on your behalf and add this extra money to your pension pot - if you're eligible.

How does it work?
The tax relief we claim for you is set at 20%, which is the basic rate of tax you pay on your earnings. Instead of this money going to the government, it goes into your pension pot for you and grows over time. As tax relief is worked out as a percentage, the more you contribute the more we can claim back for you.

NEST
One total balance for all your pension savings, making it easier to see if you're on track for retirement A pot for life. You'll keep the same retirement pot with the same account and password, however many times you change jobs.

Keeping your money safe in a government-scheme that's rated 5 Stars by Defaqto Zero cost to transfer into Nest unless your other provider has a charge, and with your pots in one place you'll benefit from one simple annual management charge of 0.3% Thousands of members choose to transfer their other pots into Nest every month. To see why they trust us with their savings, explore all the benefits of saving with Nest.

Can I transfer my pension into Nest?
Nest can only accept transfers from a UK based pension scheme through pension or credit transfers, early leaver cash transfers and transfers from defined contribution schemes. They can't accept disqualifying pension credit or transfers from a defined benefit scheme.

How do I transfer money into Nest?

It's usually quick and simple to transfer your pension savings. Simply provide the Nest scheme the details of your other scheme and they'll handle the rest.

The easiest way to get started is by logging in to your Nest account. All you need to know is:
Your other pension provider's name and address
Your policy number
An estimate of how much is in your other pot

Transferring your money out of Nest
Many people find that combining their pension pots makes it easier to keep track of their savings. It's not right for everyone though, which is why Nest put together a 4-point checklist to help you work out what the best choice is for you.

Should I transfer my pension savings?
Nest is backed by the government and our great service and value for money is recognised with their Defaqto 5 Star rating. Before you transfer, it's worth making sure your money is going to a similarly high-quality scheme.

Once you've found a new pension provider, run through our 4-point transfer checklist to make sure you're getting a good deal:

Are you getting value for money?
Are you with a top-rated pension scheme?
Are your savings going into a pot for life?
Does it sound too good to be true?

Your Nest retirement date
You're in control of your Nest retirement date. Once you have a clear idea of when you might want to retire, it's important you let us know so we can try to make sure your Nest pension pot is invested in a fund that best suits your plans.

They manage your pension pot very carefully based on how far you are from your planned Nest retirement date. Unless you tell it differently, they assume you'll start taking your money out of Nest when you're aged 65 or at your State Pension age when you joined Nest.

Managing your money to suit your retirement date
Unless you've chosen a different fund, your pot is invested in the Nest Retirement Date Fund for the year you expect to retire. So, if you expect you to retire in 2025, your pot will be invested in the Nest 2025 Retirement Date Fund.

They invest your money carefully and thoughtfully with the aim of growing it faster than the rising cost of living. Nest try to invest appropriately for your age and how close you are to retirement, so your pot will be ready for when you need it.

You can save your pot for later

You don’t have to start using your Nest savings as soon as you stop working. We’re living increasingly longer after retirement, with men aged 65 now expected to live to 84 on average, and women to 86. If you don’t need the money in your pot immediately, you could delay your Nest retirement date so you can take the money when you think you’ll need it instead.