

Are you getting the most from your pension?

Put simply, the amount of pension you get at retirement will depend on how much is paid in and how much investment return is earned.

The pension scheme offers 3 levels where your contributions are matched by your employer as follows:

- 4% employee and 6% employer
- 5% employee and 7% employer
- 6% employee and 8% employer

You can change levels each April and we will remind you each year to tell you how you can do this.

You can pay more than 6% as employee Additional Voluntary Contributions (AVCs) but these will not be matched by the employer. You can change your rate of AVCs at any time.

Overleaf we have shown two examples of how changing your contribution levels may affect the income you may get in retirement. These illustrations are based on a number of assumptions (see the box below) and were produced from tools on the government approved site: www.moneyadvice.service.org.uk 30th August 2018.

When you retire, you will need to decide how to use your pension pot to secure an income to last throughout your retirement. The examples are based on a flat rate income for life (i.e. an annuity) but this pension could buy less over time if prices rise.

<https://www.legalandgeneral.com/workplacebenefitsResp/airbus/helpful-resources/planning-tools/>

Assumptions:

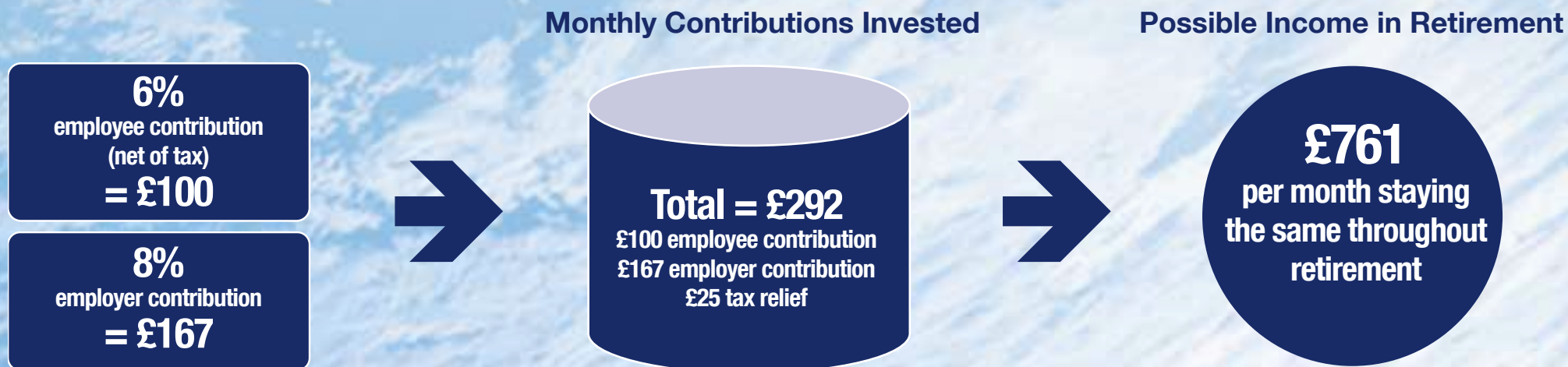
- Assumes no other income/deductions other than basic salary, basic rate tax and national insurance contributions
- Payments into your pension will increase by 2.5% yearly to reflect annual pay rises
- A pension charge of 0.75% will be taken from your pension pot
- Your pension grow by 5% a year
- Inflation is taken into account and estimated at 2.5% a year
- You use your pension pot to buy a guarantee income for life (an annuity)
- We show your pension income monthly, before take is taken off
- Tax relief is included on your contributions

Example 1

Lucy is 25 and has never had a pension. She is earning £25,000 per year and would like to retire at age 65. She is currently paying 4% employee contributions.



Lucy is wondering what impact moving to the 6% employee contribution level could have on her pension



Example 2

James is 40 and has just joined Airbus. He is earning £40,000 per year and would like to retire at age 65. He is currently paying 4% employee contributions.



James is wondering what impact moving to the 6% employee contribution level could have on his pension

