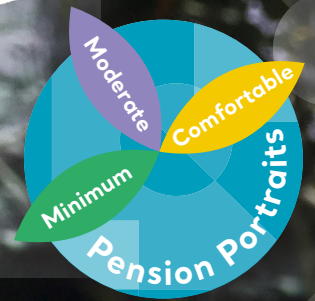


Aspire to[®] Retire



Susan & James

Ages:
58 & 60

Earns:
Susan earns £36,000
a year. James earns
£29,500 a year.

Pension Portraits

Here are some examples of the kind of retirement living standards people with different levels of salary and savings could have.

Susan and James both have DC pension pots. Although Susan now earns more than James she took time out to look after their two children in the past, so her pension pot is around £31,000 while James's is around £90,000.

The children now have jobs themselves, but the cost of renting is high. Susan and James are hoping they'll be able to help them buy their own homes in the not-too-distant future.

What they're currently on track for

Susan and James are currently on track to be some way above the minimum, but below the **moderate**, living standard when they've both reached State Pension age.

They're each contributing 5% of their salary to their pension savings. Their employers add a further 3%, making 8% in total (we show the amounts below).

	Annual contribution	Employer contribution
Susan	£1,800	£1,080
James	£1,550	£930

Assuming they both get a full State Pension, Susan and James could have a joint retirement income of **£30,582** in the year after Susan reaches her State Pension age.

How they could improve this

If they each increased their pension contributions by 4% so a total of 12% (including the 3% employer contributions) was going into their pension savings, they could have a joint retirement income of **£31,576** in the year after Susan reaches her State Pension age. This gets them closer to the **moderate** living standard.

This could mean, for example, they could afford to have a car in retirement, or pay someone to do some of their decorating and home maintenance. And they might be able to save for those first-home deposits for their children, although this will depend on how prices increase in future.

Your picture, Your future

More about these examples

All the figures in these examples assume:

- the people in the examples carry on contributing to their pensions until they retire at State Pension Age, and
- salaries rise in line with general earnings increases.

If the people in the examples got promoted or changed jobs and started receiving a higher salary as a result, they could expect a higher standard of living (assuming they increased their pension contributions in line with their salaries).

We created these examples using [MoneyHelper's pension calculator](#). This calculator uses the assumptions we've listed below. The amounts it shows are only intended as an illustration.

Assumption	Description
Monthly payments into pension pots	Increase by 2.5% a year to reflect yearly pay rises.
Tax relief	Most people get tax relief on their pension contributions. We assume tax relief is already included in contributions.
Pension charges	Charges of 0.75% a year are taken from the pension pots.
Investment growth	Pension investments grow by 5% a year (actual investment growth could be higher or lower depending on how the investments in each pension pot perform).
Inflation	We've shown the pension pot values and income at the start of retirement in today's money . We do this by taking off inflation at a rate of 2.5% a year.
State Pension income	We've assumed everyone in the examples gets the full new State Pension, which is £10,600.20 in the 2023-24 tax year. The actual amount of State Pension depends on each person's National Insurance contribution record. The State Pension increases yearly to keep pace with inflation.
Tax-free cash	We've assumed the people in the examples don't take any tax-free cash. Taking tax-free cash would reduce the amount of yearly income.
Pension pot income	Worked out using the MoneyHelper pension calculator on 25 April 2023. Paid monthly. We're showing income figures before tax is taken off. We've assumed the people in the examples use their pension pots to buy a guaranteed income for life ('lifetime annuity'). We've assumed a level income that doesn't increase in the future, which means it buys less over time if prices rise – so they may not reach the same living standard in future.

This case study gives an overview only and is based on our understanding of current tax regulations at the date this document was produced which may change in the future. It provides an example only and should not be regarded as advice.

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