> About your pension

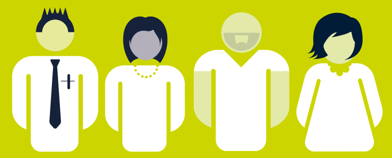
A while back, the government decided that all employers had to provide a workplace pension for their employees, and contribute towards that pension. Your employer has chosen NOW: Pensions to run the workplace pension at your company.

NOW: Pensions provides a pension for tens of thousands of employers and more than a million employees from many different industries.

You may have asked to join the scheme, or you may have been automatically enrolled, but as a member of your workplace pension, in most instances you and your employer will contribute regularly to your personal pension account. And if you pay income tax, the government will also contribute. Your employer will let you know how much will be taken from your pay and also how much they are contributing.

This money has the potential to build up over time and becomes available to you any time after the age of 55.

Your retirement savings



Never too late to make a difference!

Saving to provide an income in retirement can considerably improve your future standard of living.

If you're in your 20s or 30s, a little bit saved now will have time to accumulate over the many years before you retire. And if you're in your 40s or 50s, it's never too late to make a difference. After all, you can carry on contributing to your pension as long as you like.

> What's so great about a workplace pension?

You may already know that pensions are a very tax-efficient way of saving. If you are an income taxpayer, any tax you would normally pay on contributions you make into your pension is added to your pension pot by the government.

NOW: Pensions operates a net pay arrangement. This means that your pension contributions are collected before income tax. So, if you're a basic rate tax payer and you want to contribute £75 a month to your pension, £60 of your contribution comes directly from your pay, the additional £15 is the tax you would have paid on your £75 contribution. This means for income taxpayers, full tax relief at the highest rate is applied automatically and no income tax is paid on the contributions to your pension.

This is how it might work in practice:

	Non taxpayer	Basic rate (20%) taxpayer	Higher rate (40%) taxpayer
Pension contribution shown on your payslip	£75	£75	£75
+ Contribution from your take home pay	£75	£60	£45
+ Contribution from the government	£0	£15	£30
+ Contribution from your employer	£75	£75	£75
	=	=	=
Total contribution to your pension pot	**£150**	**£150**	**£150**

As you will see from the table above, if you do not pay income tax, you will not benefit from a contribution from the government while you are paying into the NOW: Pensions scheme.

Your employer contributes too

While you are saving with NOW: Pensions, your employer will also pay into your pension pot. This money is put into your personal pension account and is in addition to your normal pay. You will not pay tax on this contribution either. So, as you can see from the table above, the total contribution to your pension pot, together with contributions from your employer and the government, adds up to significantly more than just your own contribution.

Tax-free growth on your savings

You might also like to know that any growth in the value of your pension between now and your retirement will not be taxed. So, your pot will grow tax-free, regardless of your own tax position. You only pay tax on your pension savings when you take them as an income.

Whilst you are an active member of the scheme you may also choose to pay additional lump sums, in pensions these are referred to as "Additional Voluntary Contributions" or AVCs for short. These must be paid through your pay in the same way as the regular contributions and will be invested in the same way as the regular contributions.

How much will I have to contribute?

The majority of employers calculate your contributions as a percentage of your qualifying earnings. For the 2017/18 tax year the qualifying earnings are a band of earnings between £5,876 and £45,000. This means the first £5,876 of your earnings does not count for the purposes of auto enrolment contributions. So if you earn £20,000 a year, the amount your employer would calculate your pension on would be £14,124. Alternatively your employer can choose to pay a percentage of your pensionable earnings and they may choose to exceed the minimum percentage contributions which have been set by the Pensions Regulator.

Currently: 2% of qualifying earnings (of which your employer must pay at least 1%)
From April 2018: 5% of qualifying earnings (of which your employer must pay at least 2%)
From April 2019: 8% of qualifying earnings (of which your employer must pay at least 3%)