Save today, **enjoy tomorrow**

Your guide to **pensions**

isio.



Understanding the world of pensions

Pensions can feel complicated. There are different types, unfamiliar terms, rules about when you can take your money, and plenty of numbers that can be difficult to grasp.

This guide tells you the most important things you need to understand about your pension, including:

The purpose of pensions
page 03

Types of pensions
page 04

How workplace pensions work
page 05

How the State Pension works
page 10

Planning for retirement
page 11

Getting ready for retirement
page 13

What happens to my pension if...
page 14

Where to get help and advice
page 18

How to protect your pension savings from scams
page 18

This guide gives you a general overview only. As the rules of the schemes we look after can vary, please contact us if you would like information specific to your own pension or scheme.



Isio, London

The purpose of pensions

Put simply, a pension helps you save money during your working life to help support you financially when you retire.

For many people, their retirement income comes from a combination of:

- ✓ a workplace or personal pension
- ✓ the State Pension
- ✓ other savings and investments

While you may be entitled to a State Pension, it's unlikely to provide enough income on its own to live off in retirement.

So, the earlier you start saving into a workplace or personal pension, the more money you'll have for life after work.



What makes pensions different from other savings or investment accounts is that you get tax relief on the money you save. This means that some of the money you would normally pay in tax is added to your pension instead, helping your savings grow faster.

Sukhi Randhawa | London team



Types of pensions

There are three main types of pension:

1 Workplace pensions

This is a pension arranged through your employer. You normally pay into it directly from your salary, and your employer may contribute too. You get tax relief on the money you pay in.

Employees are automatically enrolled into a workplace pension if they meet certain eligibility criteria.

Workplace pensions are also known as occupational or company pensions.

2 Personal pensions

This is a pension you arrange yourself. You might have one because you're self-employed, want to save for later life independently, or have chosen to make additional pension savings.

There are several types of personal pensions, including group personal pensions provided through your employer, personal pensions you arrange yourself, stakeholder pensions and self-invested personal pensions (SIPPs).

3 The State Pension

The State Pension is paid by the government once you reach State Pension age. It's separate from any workplace or personal pension you have.

The amount of State Pension you're entitled to depends on the number of qualifying years you have on your National Insurance record (see page 10).



You may have several pensions by the time you retire, particularly if you've worked for multiple employers.

How workplace pensions work

Your workplace pension is likely to be one of **two** types:

Defined benefit (DB)

This type of pension provides a regular, guaranteed income for life. It's based on factors such as your pensionable salary and the length of time you've been a member of the scheme, rather than the amount you have paid in.

There are two types of DB pensions:

- **Final Salary** – the pension is based on your pensionable salary at or near retirement. The longer you work and the higher your final pensionable salary, the larger your pension.
- **Career Average Revalued Earnings (CARE)** – each year you're in the scheme, you build up a fraction of your pensionable earnings for that year, which is then revalued each year until you retire. Your final pension is the total revalued amounts added together.

DB pensions are more common in older workplace pension schemes and in the public sector.

Defined contribution (DC)

This type of pension helps you build up a pot of money to use when you retire. Your pension pot is invested to help your savings grow.

The value of your pension pot depends on:

- how much you and your employer pay in
- how long you save for
- how your investments perform
- the charges and fees applied to your pension

Unlike a DB pension, the amount and type of income you'll receive in retirement is not guaranteed and will depend on the value of your pension pot when you retire.

As investments can rise and fall in value, you may get back less than what has been paid into your pension.

What type of pension do I have?

Log into your online pension account (if you have access to one) or check your annual benefit statement.

If you are unsure, get in touch.



Benefits of a workplace pension

A workplace pension offers valuable advantages that can help you build better financial security for retirement.

Your employer contributes too

This is one of the biggest advantages –

your employer will usually pay into your pension when you do.

This means that you build up retirement savings more quickly than you could by yourself.

You get tax relief

Your contributions are usually taken from your pay and paid into your pension before income tax is applied to your pay. This means that some of the money that would normally have gone to the government in tax goes towards your pension instead. This is known as tax relief.

This helps your retirement savings build up faster than they would in a savings account, while reducing the amount of tax you pay on your earnings.



Your pension could help support your loved ones

Your workplace pension may also provide valuable financial protection for your family.

When you die, your scheme may provide benefits for your beneficiaries or dependants. Depending on the scheme rules, this could include a lump sum payment and a pension for a spouse, civil partner, children or other eligible dependants.



You can find more information in the **dedicated bereavement guide**.



You can save more if you want

Saving more can help you build a larger pension or pension pot. Even a small amount can make a difference over a long period.

If your scheme rules allow, you could:

- increase what you pay into your pension each month (this is also known as your contribution rate)
- pay more towards your pension with additional voluntary contributions (AVCs). For DC members, this means contributing more to your pension pot. For DB members, this normally means building a separate pot of money alongside your DB pension.

If you want to explore either of these options, contact your employer.

Investing and your pension benefits

Investing means putting money into things that have the potential to grow in value or generate income.

Pension schemes can invest in different types of investments, including:

- company shares (also known as equities)
- government and corporate bonds
- property
- cash, or
- a combination of these



If you have a defined benefit (DB) pension

The Trustee of your scheme is responsible for running the scheme and making sure there is enough money available to pay members' pension benefits.

Contributions paid by members and employers are invested by the Trustee to help fund those benefits. However, the pension your receive is determined by the scheme rules and not directly linked to the amount of money paid into the scheme or the performance of its investments.

If you have a defined contribution (DC) pension

The value of your pension pot depends on:

- how much you and your employer pay in
- how long you save for
- how your investments perform
- any charges that apply to your account

This means that the final value of your pension pot is directly influenced by investment performance.

The Trustee, supported by investment and risk experts, carefully oversees the range of investment funds available to members. Their aim is to help achieve the best possible outcomes for members while managing risk appropriately.

If your scheme offers investment options, you may be able to decide how your pension savings are invested by selecting funds or investment strategies through your secure online account.

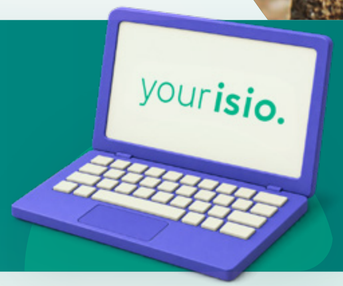
If you have AVCs

If you choose to increase your retirement savings by making additional voluntary contributions (AVCs), the money you pay in is typically invested in a similar way to a DC pension. You'll usually have access to a range of investment options, allowing you to choose how your money is invested.



Investment values can rise and fall. This can be unsettling, but pensions are generally designed for long-term saving. Short-term ups and downs are a normal part of investing and do not necessarily mean that something has gone wrong.

Log in at yourisio.com to view and manage your investment options. If you don't have access to an online account, get in touch. We can explain how you can make changes to your investment choices.



How the State Pension works



The State Pension is separate from any workplace or personal pension you may have and is based largely on your National Insurance (NI) record.

You'll usually need at least 10 qualifying years on your NI record to receive any State Pension and around 35 qualifying years to receive the full new State Pension. This can vary depending on your individual circumstances and National Insurance history.

It's important to check your NI record and State Pension forecast. This can help you spot any gaps in your record, see how many qualifying years you've built up, and understand whether you're on track to get the amount you expect.

You can get gaps in your NI record for a number of reasons, including periods of low earnings, unemployment, caring responsibilities, or time spent abroad.

To check your NI record, visit **gov.uk/check-national-insurance-record**.

To receive your State Pension, you'll need to claim it from the government once you reach your State Pension age (SPA).

Your SPA may be different from your normal retirement age (NRA), which is the age at which you can start taking benefits from your workplace pension.

To check your State Pension age, visit **gov.uk/state-pension-age**.

Once you have claimed your State Pension, it is usually paid every four weeks. This payment is made separately from any workplace or personal pension you receive.

Tax and the State Pension

State Pension income is taxable. You may need to pay income tax if your total annual income, including your State Pension and any other sources of income, exceeds your personal allowance.

You can find out more about the latest allowances in **the dedicated guide to tax**, and at **gov.uk/income-tax-rates**.

Jess Jose | Reading team



Planning for retirement

How much do I need?

Everyone's circumstances and retirement goals are different, but generally, the more you can save now, the more pension savings you could have in the future.

As a general guide, many people aim for a retirement income of around **50%** to **75%** of their pre-retirement income to help maintain a similar standard of living in retirement.

The amount you'll need will depend on your lifestyle, plans, and financial commitments.

You can find more information in the dedicated retirement guides:



Retirement guide for DB members

Retirement guide for DC members

Finding out what you've got already

Start with understanding your pension statement.

Pension statements can look complicated. But very simply, they're designed to give you an idea of what your pension or pension pot could be worth at retirement.

DB pensions: Active DB members typically get an annual benefit statement (ABS) showing how much their pension will be worth at retirement, and the value of any other benefits, such as death benefits. If you have a DB pension and you've left work or stopped paying into it, you should still receive information about the benefits you've built up. You may also be able to view these through your online pension account, if you have access.

DC pensions: All DC members get a statutory money purchase illustration (SMPI) each year. This gives you an overview of:

- how much is in your pension pot
- how much is being paid in by you and your employer
- what you might get in retirement

If you're struggling to understand any part of your DB or DC statement, contact us and we'd be happy to help you.



Trace old or lost pensions

If you've changed jobs during your career, you may have built up several pensions or pension pots with different providers. It's worth keeping track of these, as they could form an important part of your retirement savings.

If you've lost contact with an old pension scheme, the Pension Tracing Service can help you locate it. Visit **pensiontracingservice.com**.

You may also be able to use the government's Pension Dashboards programme to view information about your pensions, including your State Pension, in one place. As Pension Dashboards are rolled out across the industry, we'll let you know when your scheme is connected and provide guidance on how to use the service.



Check your State Pension

You can find out how much State Pension you could get with a State Pension forecast. Visit **gov.uk/check-state-pension**. Your forecast will tell you how much State Pension you could get, when you can get it, if you can increase it, and how you could increase it (for example, by paying to fill gaps).



Getting ready for retirement

The closer you get to retirement, the more useful it becomes to have a clear picture of your pensions, savings, and expected income when you stop work.

There are lots of helpful resources to help you with this. Check out the retirement checklist on your member website – a handy tool that takes you through a few simple steps to help you understand your options and decide what to do next.

For more information about getting retirement ready, see the dedicated retirement guides:



DB retirement guide

DC retirement guide



What happens to my pension if...

Life doesn't always go according to plan. Your pension can be affected by major life events, so it's worth knowing what to consider.

...I die?

What happens to your pension depends on the type of pension you have and the rules of your scheme.

To help ensure any death benefits due following your death are paid to the right people, complete an expression of wish form. This tells the Trustee who should receive any benefits that may be payable.

If you have access to a secure online account, you can usually update your beneficiary details and complete an expression of wish form online. Log in at **yourisio.com**.

If you don't have an online account, you can complete an Expression of Wish form through your member website. Visit **yourisio.com/forms/expression-of-wish**.



For more information, see the dedicated **guide to bereavement**.

...I get divorced or my civil partnership ends?

Pensions can form an important part of the financial arrangements made when a marriage or civil partnership ends.

Depending on your circumstances, your pension benefits may be taken into account as part of a settlement. Any arrangements involving pension benefits will usually be set out in a court order.

Contact us if you need information about your pension benefits in relation to divorce or the dissolution of a civil partnership.

...I become seriously ill?

The options available to you will depend on your circumstances and the rules of your pension scheme.

Some schemes allow members to take their pension earlier if you become seriously ill.



You can find more information in the dedicated retirement guides:

DB retirement guide

DC retirement guide

...I stop working?

You may stop contributing to your workplace pension, but any pension benefits you've already built up will remain in the scheme.

Whether you're taking a career break, changing jobs, or leaving work permanently, it's a good idea to review your retirement plans and consider how the change may affect your future income.



...I can't afford to save for later life?

If money is tight, it can be tempting to reduce or stop pension contributions. Before making any changes, make sure you understand the potential impact on your future retirement income.

Remember that stopping contributions could also mean missing out on valuable employer contributions and tax relief.

If you're thinking about reducing or stopping your pension contributions, you may wish to use services such as MoneyHelper to help you understand your options or think about taking regulated financial advice if you need support tailored to your personal circumstances.

MoneyHelper is a government-backed service that offers free, impartial guidance on money matters, including pensions through Pension Wise. They can help with things like managing debt or planning for long-term care, and you can contact them online or by phone.

Call: 0800 138 7777 (general guidance) or
0800 011 3797 (pensions)

Visit: moneyhelper.org.uk

...I want to retire earlier?

Retiring early may mean your pension needs to provide an income for longer, and you'll have less time to continue contributing and building up your savings.

If early retirement is one of your goals, planning ahead can help you understand what's achievable and give you more options when the time comes.

You can find more information in the dedicated retirement guides:



DB retirement guide



DC retirement guide



Where to get help and advice

There's lots of guidance and support for members throughout your member website. Here you'll find videos and general information about your pension.

For specific information, please register or log in to your online account if you have access. If you can't find what you need, contact us.

Get in touch

Call: 0800 122 3200

Please have your membership reference number to hand when you call. You can find this in your online account and on any correspondence from Isio about your pension.

Email: adminhelp@isio.com
We aim to reply within 10 working days.

Send us a message: Visit yourisio.com/forms/member-enquiry, complete the form and select Submit. Once we've resolved your query, we'll get back to you.



How to protect your pension savings from scams

Scams can take many forms and are becoming increasingly difficult to spot.

As a rule, you should get impartial guidance and, where appropriate, take advice from an FCA-regulated financial adviser before taking any action with your pension.

If you're looking for financial advice, be especially cautious of scams and fraudsters. They often present themselves as legitimate advisers but may be trying to steal your pension savings.

Watch out for:

- ✗ people contacting you out of the blue wanting to talk about your pension
- ✗ unexpected calls from someone trying to start a discussion about a transfer
- ✗ adverts offering 'free pension reviews'
- ✗ promises of better returns on your savings
- ✗ promises of upfront cash
- ✗ offers of early access to your pension, before NMPA
- ✗ incentives, such as cashback or gifts



The FCA offers lots of useful information about the risks associated with pension scams and how to protect yourself from falling victim. Visit fca.org.uk/consumers/pension-scams.

If you suspect a scam or come across anything concerning, you should report it as soon as possible. You can report fraud at any time via the UK's national reporting centre for fraud and cybercrime. Visit reportfraud.police.uk.

Chris Faulkner | Croydon team



isio.

Isio Services Limited is authorised and regulated by the Financial Conduct Authority FRN 922376

© Isio Group Limited/Isio Services Limited 2026
All rights reserved