PENSION PRIORITIES FOR 2024

what you need to focus on this year

Retirement planning is for more than just those preparing to finish work; far from it. Engaging with your pensions is essential no matter what your age.

Keeping on top of how your pensions are performing and how much you're saving can go a long way to ensure you have enough for the lifestyle you want later in life. You may even be able to retire early.

Here are some of the things you can do in 2024 to keep aiming for the retirement you want:

UNDERSTANDING YOUR PENSION SCHEME

Don't keep your work pension scheme at arm's length. You must look under the bonnet of the scheme to make sure your money is working as hard as possible. Find out what kind of pension it is and how your money is invested. Most people are offered an option of a default fund – but don't assume it's right for you. There is usually an option to select your funds, which may be a better route. It's also possible that your scheme will trigger an automatic shift out of the stock market and to less risky investments – or even cash.

People are choosing to work for longer, so schemes that move into cash at a set age, such as 60 or 65, would not necessarily be suitable.

TURBO BOOST YOUR PENSION

It's easy to get stuck in a rut with your savings and keep contributing the same amount for years. This is particularly true if you're in a workplace pension and your salary has been at the same rate for several years.

Investing as much as you can manage and regularly into a pension can go a long way.

Increase monthly savings if you can afford to. And don't forget – pensions offer the unique benefit of being able to backdate unused allowances for up to three years. The annual allowance is £60,000 – though you cannot pay more than you earn in a year.

START A BOOSTER PENSION

If you've only been saving in a workplace scheme, you can start a self-invested personal pension (SIPP) to add to your retirement fund. If you've been self-employed for a while and have yet to start a pension, it's a good idea to set one up as soon as you can.

GET WOMEN SAVING

There is a significant gap in the amount that men and women save for retirement – and men remain firmly in the lead. An official report last year by the Department for Work and Pensions (DWP)[1] revealed a 35% gender pension gap in the UK.

Compared to men, one of the key reasons women tend to fall behind in their retirement planning is taking time off to have and raise a family. The working patterns of women and the fact that they might work more than one part-time job – leaving them potentially ineligible for automatic enrolment – also affect women's pensions.

Whatever your employment status, you can contribute to a SIPP up to the £60,000 annual allowance. Those without earned income can save up to £3,600 per tax year.

ROUND UP FORGOTTEN SCHEMES

You'll likely have more than one pension scheme unless you've stayed with the same employer all your life. It's important to look at each one to make sure the scheme is good value in terms of charges and offers good investment options. If not, you could get advice on whether transferring it to a better-value pension elsewhere is right.

If you have some money lurking in an old workplace pension scheme, you can contact your former employer and ask for the details. Be ready with the dates you worked there and your National Insurance number. The Government's Pension Tracing Service can help reunite you with your savings if your old employer is no longer trading.

For personal pensions, you can try the Pension Tracing Service.

Once you've got the details you need, delve deeper into what your money is invested in and the management charges you pay each year. You might be pleasantly surprised to find it invested in a decent spread of funds with reasonable annual charges. If, on the other hand, you find it's invested in just one fund (perhaps just a tracker) or that the costs are so large there's barely any growth, you might consider your option to transfer it. Moving your pensions into one place can make things much easier, as you won't have to deal with multiple providers.

BENEFITS OF ADVICE

Pensions can be complicated, and it can help to have an adviser on hand to wade through the mire. An adviser can help review the schemes you hold money in and decide whether they're worth keeping. They can also keep on top of any tax changes that may impact you and your pensions and check your money is invested sensibly. If it's not, they can help with investment recommendations.

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[1]https://www.gov.uk/government/statistics/gender-pensions-gap-in-private-pensions/the-gender-pensions-gap-in-private-pensions

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