



# HOW MUCH DO YOU REALLY KNOW ABOUT YOUR PENSION?

## Understanding your pension could be the key to a better retirement

Many of us think we have a handle on our pension, but recent research suggests that confidence doesn't always match up with understanding. Despite being one of the most important parts of your long-term financial plan, pensions remain a mystery for many UK adults.

New research from Aviva<sup>1</sup> reveals that while over half of UK adults (53%) believe they are knowledgeable about pensions, far fewer demonstrate an accurate understanding of how they actually work. This knowledge gap could be putting people's financial futures at risk, especially when combined with inaction.

## Defined benefit? Defined contribution? Many people aren't sure

Only 35% of respondents could correctly identify a defined benefit scheme, and just 34% understood what a defined contribution scheme is. These are fundamental differences that can affect how and when you access your pension, how it's invested, and what you might receive in retirement.

Even more worryingly, one in five people don't know what type of pension they currently have or how it's structured. And 57% don't realise that the government contributes to their pension in the form of tax relief. That's a major missed opportunity, as tax relief can significantly boost your retirement savings over time.

## Are you investing your pension or letting it drift?

When it comes to how pensions are invested, knowledge gaps persist. More than half of respondents (55%) are unaware how their pension is invested. Even though defined contribution schemes often involve investment choices, most people aren't making any active decisions.

In fact, 81% haven't changed their investment strategy at all. A quarter say that's because they don't know enough or didn't realise they could. But engaging with your pension investments could make a real difference, particularly when you're decades away from retirement and able to take on more risk for the chance of better long-term returns.

## The problem of lost or scattered pots

Nearly 70% of people in the UK hold between one and five pension pots. Yet 20% aren't sure exactly how many they have. And among those who do know, a third (35%) admit they wouldn't know how to access them.

Only 15% of respondents have consolidated their pensions into a single plan, yet almost half (46%) are interested in doing so. Consolidation can help reduce paperwork, cut fees and make your retirement planning more manageable.

But many people don't take the next step because they're unsure how to start or what to consider.

## Confusion around the State Pension

It's not just workplace pensions where knowledge is lacking. A significant proportion of UK adults are also confused about the State Pension. According to Standard Life<sup>2</sup>, half of adults don't know how much they'll receive, and 32% are unaware of the age at which they'll qualify.

Over half (51%) don't know the current full amount of the new State Pension, which is £11,973 a year.



More than half (52%) also don't know how to find out what they're entitled to, and a third (34%) are unaware that their National Insurance contributions determine how much they'll ultimately receive.

This kind of uncertainty can lead to shortfalls in retirement income or reliance on assumptions that turn out to be inaccurate. That's why it's so important to get clarity early and plan with the full picture in mind.

### **Knowledge is power and confidence**

When it comes to pensions, what you don't know really can hurt you. Lack of understanding can lead to missed contributions, poor investment outcomes or underestimating your future income needs.

The good news? Support is available. Whether you want to review your pension strategy, understand your State Pension forecast, or consolidate your pots into one manageable plan, we can help.

**Don't leave your retirement to chance. Speak to a financial adviser to build clarity, confidence and control.**

References:

1 [Aviva, 2025](#)

2 [Standard Life, 2025](#)

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