Thinking of leaving your workplace pension scheme?

Money Helper

If you can afford to, staying in your employer's pension scheme is usually a good idea. If you leave, you might miss out on money you're entitled to.

Why should I pay into a pension?

- A pension is designed to give you money to live on in retirement, so you can give up work or reduce your hours. Your money is usually invested and managed for you by professionals, so it should grow over time.
- Your employer will pay at least 3% of your wages into your pension in most cases, so leaving your pension is like turning down pay. Your employer must pay in automatically if you're between 22 and your State Pension age earning over £10,000 a year. If you're between 17 and 75 and earn more than £6,240 a year, they must pay in if you ask them to. If you earn less than £6,240 a year, your employer doesn't have to contribute but they must let you join if you ask.
- You usually get tax relief on your pension contributions. This means you either get more in your take-home pay by paying less tax or more money goes into your pension scheme. Find out more at: **moneyhelper.org.uk/tax-relief**

If you pay basic-rate tax (20%), the cost for you to save £100 into your pension is usually £80.

You might miss out on free money and other benefits

If you leave your employer's pension scheme, or stop paying in for a while, you'll usually miss out on employer contributions, tax relief and investment growth. This can make a big difference to the amount you'll have in retirement.

Most pensions will also pay you if you need to retire early due to ill-health and will pay others if you die. This might not happen if you leave the scheme.

Example

If you and your employer save £200 into a defined contribution pension each month, at age 65 your pot could be worth around:

- £316,000 if you start at age 20
- £224,000 if you start at age 30
- £146,000 if you start at age 40
- £80,000 if you start at age 50.

We've made certain assumptions on things like growth rates, the rate of inflation, investment fees and the length of investment.

All the figures are only estimates. Do not use them to make any decisions .

I don't plan on giving up work, why do I need a pension?

Even if you don't plan to stop working, having a pot of money when you're older might mean you do more of the things you enjoy.

You can usually access your pension savings from age 55 (57 from April 2028). A pension is also designed to give you an income if you need to give up work early due to ill-health.

I'll get a pension from the government – why should I have to pay twice?

By itself, the State Pension is unlikely to give you enough money for a comfortable retirement. The maximum weekly amount until April 2026 is £230.25.

You'll also need to wait until your reach your State Pension age to claim it, which might be age 68 or older.

HM Government

If you can't afford your pension contributions, tell your employer

If you're worried about money, talk to your employer to see if you can lower the amount you contribute.

At least 8% of your wages usually needs to be paid into your pension, with your employer contributing at least 3%.

If your employer pays in more, you might be able to pay in less – rather than stop . If you do lower your payments, regularly review your finances to see if you can afford to increase them again.

Get help before you decide

Talk to someone you're comfortable with to get their opinion on what you should do. This might be your employer, work colleagues, friends or family.

You can also talk to one of our pension specialists for free help, including what happens if you leave your pension scheme. Call **0800 011 3797** – we're open Monday to Friday, 9am to 5pm.

Other money worries? Get free help

If your money worries are bigger than just your pension contributions, you can call our free and confidential money guidance helpline on **0800 138 7777**. There might be other solutions we can explain.

There are also lots of tools and information that can help you on our website: **moneyhelper.org.uk**.

If you do leave your pension scheme, you won't lose your savings

If you decide to leave your pension scheme, all the money still belongs to you – even the amounts paid in by your employer. Your pension provider will continue managing your money until you're able to access it.

If you'd like to rejoin your pension scheme at a later date, ask your employer what you need to do. Some schemes might let you rejoin at any time, but others might only allow it once a year.

You can also choose to transfer your pension to a different provider. For example, if you change jobs, you could consider moving your pension savings to your new employer's scheme.

MoneyHelper

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Money Helper

From Money & Pensions Service

This publication is available in Welsh.

Cymraeg

Calls from the UK are free. To help us maintain and improve our service, we may record or monitor calls.

Accessible formats
If you would like this guide in Braille, large print or audio format please contact us on the above numbers. Information correct at time of printing (April 2025). These guides are reviewed once a year.

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