



CORNWALL &
ISLES OF SCILLY
LOCAL ENTERPRISE PARTNERSHIP



Money &
Pensions
Service

Introduction

The Government's Money and Pensions Service (MaPS) is supporting the Cornwall and Isles of Scilly LEP with their Mid-Life MOT project. MaPS brings together three respected financial guidance bodies: The Money Advice Service, The Pensions Advisory Service and Pension Wise. MaPS is an arm's-length body sponsored by the Department for Work and Pensions, established at the beginning of 2019, and also engages with HM Treasury on policy matters relating to financial capability and debt advice.

The information that follows is intended to act as guidance for Cornwall and Isles of Scilly businesses, employees and residents around the areas of pensions and wider money guidance. Please be aware that this information is money "guidance", and not money "advice", this is an important clarification. In the context of financial services, "advice" is a service which recommends a specific course of action based on consumers' individual circumstances and goals; "guidance", on the other hand, provides information and/or options to narrow down consumers' choices, without making an explicit recommendation.

Our role as a free and impartial service is crucial to support your organisation and ensure your employees know where to go with any money and pensions worries they may have. We can offer a package of support for organisations facing business uncertainty, including information, guidance and resources on money and pensions, as well as supporting the provision and funding of debt advice.

The Department of Work and Pensions (DWP) announced plans to award a £400,000 funding boost to 10 LEPs for schemes that help savers take stock of their health, skills and wealth for later life planning, as part of a government trial. Cornwall and Isles of Scilly LEP was one of the successful grant recipients.



Pensions

What type of pension do I have?

There are three main types of pension:

- the State Pension
- defined benefit pensions, and
- defined contribution pensions

State Pension

Most people get some State Pension. It is paid by the government and is a secure income for life which increases by at least the rate of inflation each year. You build up your entitlement to the State Pension by making National Insurance contributions during your working life. In some cases, you can do this even when you are not working, such as when you are bringing up children or claiming certain benefits. From April 2016 a new flat-rate State Pension was introduced. For the current tax year 2020-21 the full new State Pension is £175.20 per week. However, you might be entitled to more than this if you have built up entitlement to 'additional state pension' under the old pre-April 2016 system – or less than this if you were 'contracted out' of the additional state pension.

For more information see our guide on the State Pension

<https://www.moneyadvice.service.org.uk/en/articles/the-state-pension-rules-and-changes-explained>

To be eligible for the full State Pension you will need 35 qualifying years on your National Insurance (NI) record. You will usually need at least 10 qualifying years on your NI record to qualify for any State Pension at all.

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Defined benefit (DB) pension

You are most likely to have a defined benefit pension if you work in the public sector or for a large company. This is a salary-related pension which pays out a secure income for life and increases each year. The pension you get is based on how long you have been a part of the scheme and how much you earn. You might have a final salary scheme where your pension is based on your pay when you retire or leave the scheme, or alternatively a career-average scheme where your pension is based on the average of your pay while you were a member of the scheme.

Your pension choices if you have a defined benefit pension.

Most defined benefit pension schemes have a normal retirement age of 65. If your scheme allows, you might be able to take your pension earlier, but this will reduce the pension you get quite considerably. When you take your pension you usually have the option of taking some of it as a tax-free cash sum. How much you can take will vary depending on your scheme rules, but often you can take roughly up to a quarter of the value of your pension benefits like this. Reducing the amount of tax-free cash, you take might increase the amount of income you receive.

It is possible to transfer your defined benefit pension to a defined contribution pension which would then allow you to access your pension more flexibly. However, consider this option very carefully as you might be giving up very valuable benefits. Before going ahead with a transfer from this type of scheme speak to a regulated financial adviser.

See below for how to find one.

You can find Financial Conduct Authority (FCA) registered financial advisers who specialise in retirement planning in our ***retirement adviser directory***.

https://directory.moneyadvice.service.org.uk/en?_ga=2.78369296.505575682.1614609773-1631723821.1610376785

Be careful, also, that the scheme you are transferring to is not a scam.

See our guide ***how to spot a pension scam***.

<https://www.moneyadvice.service.org.uk/en/articles/how-to-spot-a-pension-scam>

If you have any questions around your DB pension then please contact The Pensions Advisory Service via;

The Pensions Advisory Service

www.pensionsadvisoryservice.org.uk

Pensions helpline: 0800 011 3797

**The PENSIONS
Advisory Service**

The Pensions Advisory Service provides expert, free, independent, and impartial guidance to members of UK pension schemes on pension and retirement saving issues.

We offer our services through a range of channels: free telephone helpline, webchat, digitally enabled virtual appointments, email, hardcopy mail and referral, outreach, and a dedicated website.

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Defined contribution (DC) pension

With this type of scheme, you build up a pension pot which you can draw an income from when you cut down or stop working. But you must be aged at least 55 before you can start to take money out. With this type of pension scheme, you can usually withdraw at least 25% of your pot tax-free.

The amount that builds up depends on:

- the level of charges you pay
- how well your investment performs, and
- how much you and your employer pay into the scheme
- Defined contribution (DC) pensions include workplace, personal and stakeholder pension schemes.

Your pension choices if you have a defined contribution pension

Once you reach 55 you are able to access your pension pot.

However, the longer you leave your pot to continue building up, the more money you will have to live on in retirement. To understand the choices for using your pension pot, use Pension Wise – the free and impartial service backed by government.

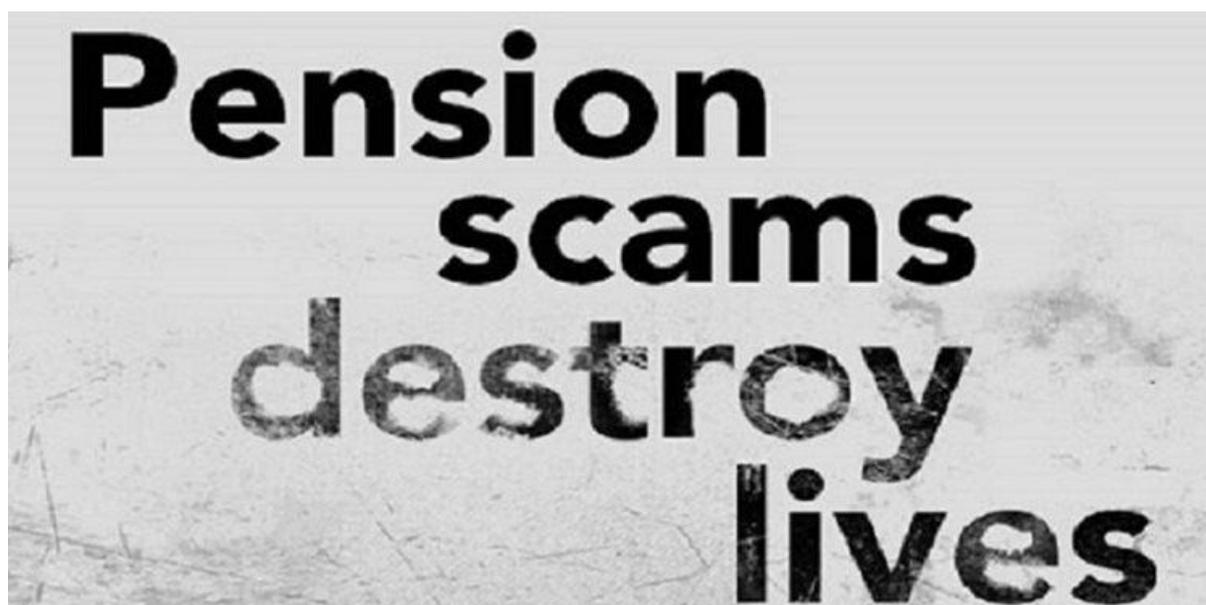
Pension Wise

www.pensionwise.org.uk

Appointment booking line: 0800 138 3944



Pension Wise offers a free appointment to anyone over the age of 50 with a defined contribution pension, where they can talk through the available options on claiming their pensions savings, what things to think about and how to avoid falling victim to a pension scam.



Money Guidance



The Money Advice Service

www.moneyadvice.org.uk

Money guidance helpline: 0800 138 7777

The Money Advice Service gives free, unbiased money guidance online and on the phone. Debt advice is also provided through a variety of partners across the UK.

Money guidance - looking at where to find help with these items;

Work and benefits

- Information: Redundancy
<https://www.moneyadvice.org.uk/en/categories/redundancy>
- Interactive: Redundancy pay calculator
<https://www.moneyadvice.org.uk/en/tools/redundancy-pay-calculator>
- Information: Making sure you are getting the right entitlements
<https://www.moneyadvice.org.uk/en/articles/make-sure-youre-getting-the-right-entitlements>
- Interactive: Universal credit
<https://www.moneyadvice.org.uk/en/articles/who-is-affected-by-universal-credit>
- Information: Benefits at work
<https://www.moneyadvice.org.uk/en/categories/benefits-at-work>

Debt and borrowing

- Information: Do you need to borrow money?
<https://www.moneyadvice.org.uk/en/articles/do-you-need-to-borrow-money>
- Interactive: Debt test
<https://www.moneyadvice.org.uk/en/tools/debt-test>
- Interactive: Where to get free debt advice

<https://www.moneyadvice.service.org.uk/en/tools/debt-advice-locator>

- Interactive: Our Money Navigator tool gives you action plans based on your own situation.

The money issues you need to tackle first

How to stay on top of bills and payments

What extra help and support you are entitled to

Where you can get free advice for debt, housing, or redundancy

<https://www.moneyadvice.service.org.uk/en/tools/money-navigator-tool>

- Information: Help with rent or mortgage arrears
<https://www.moneyadvice.service.org.uk/en/articles/mortgage-arrears-if-you-have-problems-paying-your-mortgage>
- Information: Alternatives to payday loans
<https://www.moneyadvice.service.org.uk/en/articles/alternatives-to-payday-loans>

Budgeting and saving

- Interactive: Budget planner
<https://www.moneyadvice.service.org.uk/en/tools/budget-planner>
- Interactive: Money health check
<https://www.moneyadvice.service.org.uk/en/tools/health-check>
- Information: Help with scams
<https://www.moneyadvice.service.org.uk/en/categories/scams>
- Information: Break bad money habits
<https://www.moneyadvice.service.org.uk/en/categories/break-bad-money-habits>
- Information: Types of savings
<https://www.moneyadvice.service.org.uk/en/categories/savings-types>
- Information: Workplace savings schemes
<https://www.moneyadvice.service.org.uk/en/articles/workplace-investment-schemes>