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Leeds Beckett University - Mid-stage Career Pension Guide

In the middle of your career, you've probably got a rough idea of what you want your retirement to look like. It doesn't have to be too sharp either. Even a blurry smudge of a vision is enough to start saving toward securing your retirement.

It's time to save mindfully. Know what you want. Feel empowered, boost your savings, and build on rock-solid retirement bedrock.

Owning a pension immediately puts you in pole position. And you've got one. By law, your employer is required to automatically enrol you into a workplace pension scheme if you're over 22 and earn at least £10,000 per year before tax.

Your LBU Pension will be under one of these schemes:

- West Yorkshire Pension Scheme
- Teacher's Pension Scheme
- Universities Superannuation Scheme (USS)

Your pension is called a Defined Benefit (DB) pension. It's sometimes called a final salary or career average scheme, but these are actually two different kinds of DB pension, and you could even have one of each.

A DB pension is traditionally viewed as the 'Rolls Royce' of pension pots. It guarantees you an income for life after retirement, and the amount you receive is based on your salary and the length of time you've been a part of the pension scheme.

Have you seen my pension?

The mid-stage of your career doesn't need to feel like a pension purgatory, a no-man's land of indecision and inaction. Yes, everything's set up and ticking away, and yes, you're still a while away from actually retiring, but there are still steps that you can take to boost your engagement with retirement before you actually retire.

In the middle of your career, it's likely that you've amassed one or two other pension pots. The more the merrier, they say. But sometimes two's a crowd when it comes to your retirement. If you've ever been employed by a different institution or worked in other industries, you'll have been automatically enrolled in a fair few pension schemes over the years.

Combining pensions is a simple way to make picturing your retirement easier, and it'll bring the admin from multiple accounts into one pot. However, a word of warning wouldn't go amiss: before you do anything, you'll need to do some homework. You'll first need to determine what type of pensions you have – are they a DB or DC scheme? Once you've determined this, you'll need to look into any special benefits or guarantees of your old pensions – as you could be giving these up if you do decide to bring your pots together. For instance, some DC pensions might offer a better and more diverse range of investment funds, some could have additional death benefits, a higher than normal tax-free lump sum, or a guaranteed annuity rate. Similarly, if you choose to transfer an old DB scheme you could be missing out on an excellent final salary benefit.

You can transfer some pensions into the Teacher's Pension Scheme depending on if your pots meet HMRC rules. For more information about bringing pots to your Teacher's Pension click here. And it's the same for the West Yorkshire Pension Scheme. For more information follow this link to read up about transfers into the scheme.

It's also possible to transfer Defined Benefit and Defined Contribution (DC) schemes into the USS scheme, but any DB transfer will be placed into a DC account (Investment Builder), stripping you of the unique benefits offered through a DB scheme, such as a guaranteed income.

If you've lost track of your other pots entirely, the Pension Tracing Service may be able to help. An online, government tool that helps to track down pensions, you'll simply need to feed it some details, and it'll help with the rest.

If you're unsure of whether combining your pensions is the right step to take, it could be worth speaking to a financial adviser. If you are looking to transfer a DB pension that's worth £30,000 or more, you will have to take financial advice before you can do this. To find a reputable financial adviser, try using Money Helper, a free, government-backed service.

Could you contribute more?

In a Defined Benefit scheme, you contribute a preset percentage of your salary. The amount you contribute is relative to your income, so that saving doesn't scupper everyday spending.

You can also pay in, or contribute, additional pension savings to eventually increase your pension benefits – you'll even get tax relief on extra payments.

The West Yorkshire Pension Scheme offers two methods of increasing your contribution level: Additional Pension Contributions (APCs), and Additional Voluntary Contributions (AVCs). The Teacher's Pension offers some other methods to increase your pension benefits, such as Faster Accrual, and USS also offers the opportunity to pay extra on top of the existing contribution levels into the DC part of the scheme (Investment Builder).

In the middle of your career, it's normal for life to change - rapidly. Children, marriage, moving house… you name it. Anything can have an impact on your ability to save, and in such a dynamic phase of life, it's likely they will. Indeed, the tables can flip quicker than you can say "uncrystallised funds pension lump sum".

It's possible to pay a bit less into your pension for a while and stay in the pension scheme if you need to adapt to different living costs.

Staying in is important because even though you pay less contributions, you're still building up a pension, and still getting the full protection of the pension scheme's generous death benefits for your dependents.

It is also possible to 'opt out' if you want to stop paying in entirely.

Regular check-ups with your pension to ensure it's still working for you and your lifestyle will help put you in the driver's seat. And registering for an online pension account is a much easier way to keep on top of your pension. Just like you manage your bank account, you'll be able to view your contributions, see the value of your pension pot and make any changes to your details.

What do you want your retirement to look like?

When you're thinking about your retirement, you might form an image in your head over time about what your dream retirement looks like. Whether it's upping sticks and moving to the coast, or simply taking your new-found freedom by the horns and exploring what the world has to offer, it all needs paying for.

One great way to work out your picture-perfect pension is to take a look at the Retirement Living Standards. Based on research by Loughborough University, the Retirement Living Standards give you a guide as to what kind of income would be needed in retirement to meet different standards of living, whether you're single or a couple.

You'll be able to quantify whether you could afford a comfortable retirement with all the bells and whistles of a holiday abroad, trips, and treats, or if you're on course for a retirement income that does what you need, but not what you want.

Take it or leave it

Depending on what scheme you're in, you may be able to start taking some of your hard-earned money once you hit 55 (changing to 57 from 6 April 2028). However, it's only until you reach the normal pension age (NPA), usually 60 or 65 or your state pension age (currently 66 years but rising to 68 dependent on your D.O.B), that you'll be entitled to take your money in full. Remember, if you withdraw your pension early this will reduce the amount of money you'll get when you reach normal pension age.

Don't forget, that you'll also be entitled to a State Pension – if you've made enough qualifying National Insurance contributions or have been credited with NI contributions over the years. You can check what you're entitled to by using the State Pension Forecast tool. Intended as a supplement to your workplace pension income, and, at its maximum value of £203.85 per week (2023/2024 tax year), for the full new State Pension, it could bridge the gap to the retirement picture you're slowly painting in your head.