



1 Minute guide to pensions – Part 2

In the first part of the 1 minute guide to pensions we covered defined benefit pensions. In this we will explain defined contribution pension which include personal pensions.

The way to think about a defined contribution pension is in two separate parts:

1. Building up a pot of money
2. Using that pot to buy a pension

The amount that will be in the pot will depend on how much is saved into the pot and how much it grows.

How much it grows will depend on where it is invested. Years ago there was little choice over this, but now there is a wide choice meaning that it doesn't have to be a risky investment.

When you want to take the money out of the pension you can take 25% as a lump sum that will usually be tax free and the rest must be used to buy an income. That income will be paid for life.

There are a number of choices about how you can have that income paid, but you decide this when you actually take your pension.

For help and advice on money matters contact us

*Wensum Financial Planning
2c Oval Road New Costessey Norwich NR5 0DE
01603 731170 - enquiries@wensumifa.com
www.wensumifa.com*