

Defined Contribution Scheme

- It is a pot of money which is managed by a pension fund
- The size of the pot will depend on how much money has been put in by you and your employer and also how the investments have fared.
- Your contributions are tax free up to £40,000 each year.
- The pot can be accessed any time for 55 onwards.
- The amount of money you receive as your pension will depend on the size of the pot.
- You may take 25% of the value of the pot as a tax free lump sum.
- Your monthly pension payments are subject to income tax in the same way as normal earnings.
- There is nothing to stop you continuing to work after you draw your pension.
- If you leave an employer you can take the pension with you as long as it is invested in another scheme or you can leave it where it is.
- The pot will continue to grow if the funds it is invested in perform well.