Wholesome

• FINANCIAL PLANNING •

11 areas to review when your workplace pension changes

0118 315 1712

June 2025

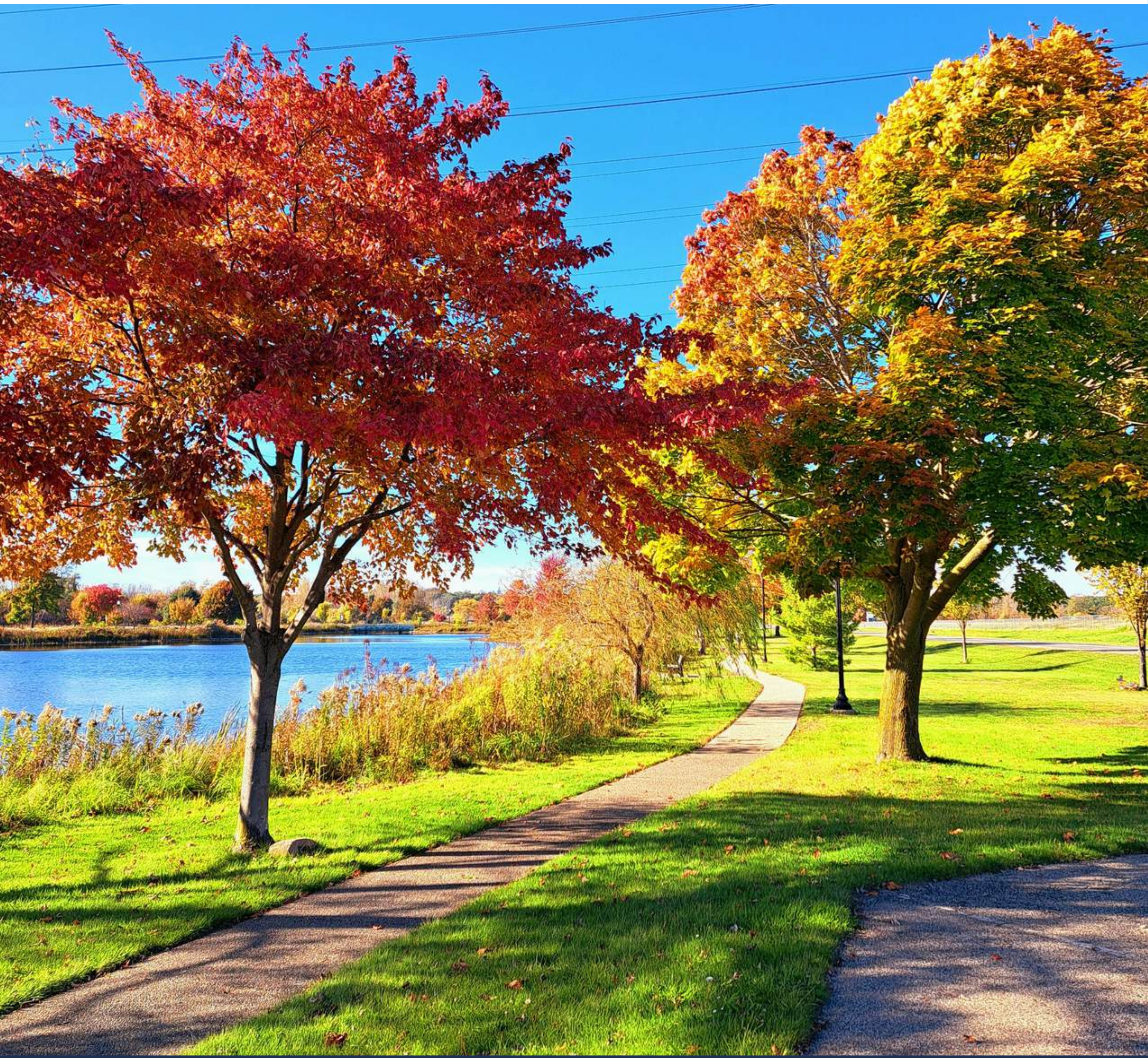
hello@wholesomefp.co.uk

Introduction

Your pension savings are a key part of your financial future. Sometimes changes are made to your pension that can feel out of your control, like your employer choosing a new pension provider.

Whilst this may feel like a big change, and one that you have little control over, it can be seen as an opportunity to review and refresh your finances. The following guide explores what to review in light of such changes.

- Set up access to both your old and new pension
- Review your budget and contributions
- Check your contribution method for tax relief
- Review your investment options
- Check your death benefit nominations
- Consider consolidation into your new workplace pension or a private pension
- Review your financial plan



Understanding what's happening

A workplace pension is where you and your employer contribute regular pension savings via each payslip. They are invested for growth to build a pot for your retirement. Common providers include Nest, The People's Pension, Aviva, Royal London and Scottish Widows.

Employers might switch providers for several reasons:

- Lower fees or better value for money
- Improved investment ranges
- Better digital tools or customer service
- To take advantage of business growth
- To comply with new or updated legislation

Read the paperwork

As part of the change, your employer has to notify you. You'll receive paperwork, which you should read! Whilst this may sound rather obvious it is a valuable point. The notification should cover any changes being made and how these could impact you.[1] Make a note of:

- What is changing
- When it is changing
- Any impacts on you

Keep a hold of the paperwork you're given and consider starting a file just for this to make the process easier. Don't ignore it - this will impact your money and your future.

If anything doesn't make sense, ask HR or the pension provider directly. Remember your pension is a key part of your finances, so don't wait and hope things will become clearer, get the clarity you need as soon as possible.

Attend any meetings

Your HR team might set up group webinars or meetings to explain what's happening. This might include key pieces of information that weren't on the original paperwork so take the time to attend.

In addition, you might have questions about your contributions, investments or how to access the pension. These meetings will usually have a Q&A session where you'll have the opportunity to ask.

You might also find that someone asks a question you hadn't thought about! Takes notes and add them to your file of paperwork.

Don't be afraid to ask questions such as

- Why is the provider changing?
- What are the fees of the new provider?
- What happens to the old pension?
- How do I choose my own investment fund rather than the default?

Set up access to your pensions

If you haven't taken the time to set up an online login to your current workplace pension then do it now.

Online access is crucial so that you can check for yourself that your contributions have been added correctly and that they are being invested. You will also be able to access important documents and information about your existing pension that you may need later.

If you don't have access and aren't sure how to get access contact the pension provider; they'll be able to help you get set up.

At the first opportunity, arrange your login for your new pension. Having access to the portal is crucial over the coming weeks so that you can:

- Check your contributions are added correctly.
- Check your employer's contributions are also added correctly.
- Review your investment selection.
- Check your death benefit nominations.

You'll also want to review things on an ongoing basis. Logging into your pension once a year to check on its performance is a healthy habit to develop to keep you in tune with your finances.

Consider using a secure password management system to make a note of your login details.

Review your new contributions

As part of the provider change you might find there are changes to contributions. This could have a big impact.

Lower contribution rates might free up money for day-to-day spending now. However, this could be at the detriment of your retirement plan.

Increased rates could provide a boost to your retirement savings, perhaps providing the opportunity for an earlier retirement or a more luxurious retirement. However, that may mean less money now.

Whilst there is a minimum level that you'll have to contribute to receive employer contributions, you can increase them, and it may be worth considering doing this. Be honest with yourself and consider if the excess money, if you have some, that you have each month is being put to good use.

Website's like MoneyHelper have budget planners available. Have a review of your budget and consider whether you can increase your contributions.

If you're in your 40s, earning £40,000, with 25 years to retirement and a 7% a year return.

Then, consider two scenarios:

- Saving the legal minimum 8%[2] of qualifying earnings into your pot you could have £217,279 in your pension.
- But increase that to 10% you could have £271,599 in your pension.

Understand your contribution method

The method by which your contributions are collected has an impact on how and when you receive tax relief for your contributions. It can also have an impact on your take-home pay and benefit entitlement.

If you're unsure, contact your HR department and they should be able to inform you. The three main methods are:

Relief at source

You contribute from post-tax pay and the pension provider claims 20% tax relief from HMRC. If you're a higher or additional-rate taxpayer you must claim the additional relief via your self-assessment tax return.

Net pay arrangement

Contributions are deducted from your pre-tax salary, so you automatically benefit from tax relief at your marginal rate. If you are a low earner though you may miss out on tax relief if you don't pay income tax.

Be aware

Up to £1.3billion of higher rate tax relief in the five tax years from 2016/17 to 2020/21 was unclaimed.[3]

If you've left some tax relief unclaimed note that you can only claim back tax relief for the last four tax years.

Basic-rate taxpayers can add £100 to their pension at a cost of only £80.

Higher-rate taxpayers could add the same £100 for only £60.

Salary sacrifice

This method involves an agreement from you to reduce your salary, and your employer pays the equivalent money into your pension. This reduces your National Insurance contributions and can increase your take-home pay. In some circumstances your employer may contribute some or all of their National Insurance savings into the pension for you too. This type of contribution require commitment – you can't easily change your mind and undo the sacrifice unless there is a significant change to your circumstances.

If you are a higher-rate taxpayer it's particularly important to understand the method being used so that you can claim any additional tax relief you may be due.

Choose your new investment

Your new workplace pension will have a default investment fund. This is the investment option your pension provider places you in if you don't make an active choice. Whilst convenient, it might not align with your goals or risk appetite.

The default fund may be a lifestyle fund. This type of fund has an automatic process where the fund is moved to less risky assets as you approach your retirement date.

Whilst a lifestyle fund sounds sensible it is important to consider if it meets your needs. There are generally two types; one that target an annuity purchase at retirement and one that targets a drawdown plan at retirement. In the early years it will be very growth focussed and weighted to equities. The underlying assets will begin to change around 5-15 years before your selected retirement date.

It will usually begin to move a quarter of the assets to cash in anticipation of you taking a lump sum on your retirement date. This may not be the case in your circumstances.

The remainder of the fund is moved to either bonds for purchasing an annuity or a balanced set of growth assets for a drawdown plan at retirement. It can be difficult to know many years in advance whether you will take an annuity or drawdown.

If you have started your pension savings relatively late you may need to take more risk than a lifestyle fund would provide to grow your pension adequately. On the other hand, if you're younger and cautious you may find it is too risky for your appetite.

The ideal fund for you will depend on a variety of information. Ask yourself the following:

- What's your timescale to retirement?
- How comfortable are you with volatility?
- Does the default fund meet its benchmarks?
- What is the aim of the default fund?
- Does that aim match with your personal objectives?

Some investment funds may add additional costs to the pension too. This should be shown on their factsheets.

If you don't feel comfortable reviewing this on your own then you may wish to seek the services of an independent financial planner.

Over 99% of investors in the UK's largest workplace pension, NEST, are invested in the default fund. Another large scheme, The People's Pension, reports that 98.61% of their members are in the default fund.[4]

Review your old investment

This is a perfect time to have a good look at your current pension investment too.

- Has it been achieving its stated aims?
- How does the performance hold up?
- Are you comfortable with the volatility it has shown?
- Do the aims of the fund still match with your personal aims?

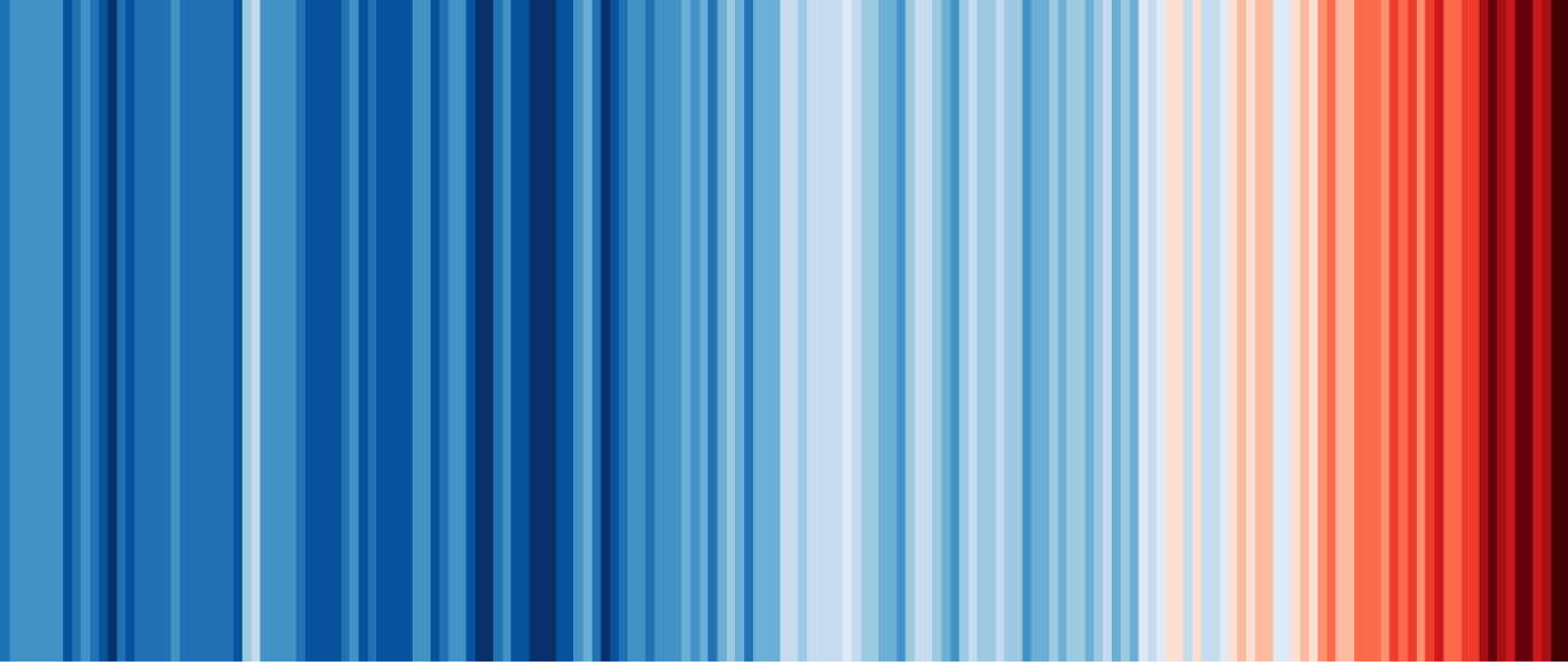
Take the time to review all of your available options. Whilst it might feel less important because you won't be contributing to it anymore that couldn't be less true. This pension pot will now sit and grow over the years, adding value to your retirement plan.

Be aware

Small differences can add up. Let's say you have £50,000 in your pension and 25 years to retirement:

- A 6% annual return would grow that to £223,248
- A 7% annual return would grow that to £286,271

A 1% return difference adds up to £63,023 in monetary terms!



Consider your sustainable investment options

Sustainable or ESG investing involves choosing funds that consider environmental, social, and governance factors, such as climate impact, labour practices, and board diversity, alongside financial returns.

Many providers also now offer ESG-focussed default funds and a selection that you can select from. These funds have filters that remove companies that don't meet certain environmental, social or governance requirements.

For example, ESG funds may exclude or reduce the exposure to companies involved in fossil fuels, tobacco or weapons and instead favour companies with strong environmental policies or ethical supply chains. This can result in lower diversification due to a reduced number of companies and may also result in higher fees due to the additional processes.

Remember, your pension isn't sitting in a savings account, it's invested in companies. Choosing an ESG fund means your money can support businesses more closely aligned with your values. It's a way to ensure your money is working not just for your financial future but for the kind of world you'd like to retire into.

Before selecting one:

- Read the fund's factsheet to understand its objectives and exclusions.
- Check ESG ratings from providers like Morningstar or MSCI.
- Consider whether the fund's approach matches your values and risk appetite.
- Review the fund's performance and fees—some ESG funds may cost more or be less diversified.

In addition, don't forget the sort of questions to ask yourself from section 5. Your investment choice should ideally meet with your objectives and align with your values.

If you're unsure how to assess ESG options it may be worth contacting an independent financial adviser who has experience in this area.

A 2020 study found that 86% of ESG funds delivered neutral or better performance than their conventional counterparts after all costs.[5]

Consider consolidation

Throughout your career you are likely to accrue a number of pension pots if you move between employers. Add on top of that workplace pension changes when you haven't moved employer and it is easy to accrue a lot of different pension pots.

Pension consolidation means combining multiple pension pots into a single scheme, usually either your current workplace pension or a separate private pension. Consolidation can help make your pension planning simpler by reducing the number of pots you need to keep an eye on, making it easier to track your pension wealth over time. In addition, you may find you benefit from lower fees by holding more with one provider as well as making it easier to track your overall pension wealth over time.

A 2022 study by the Pension Policy Institute found that the total value of lost pensions in the UK had risen to £26.6 billion. If you think you might have a lost pension use the Government's Pension Tracing Service to locate it.

Be careful! Some pensions may charge exit fees or hold very valuable benefits that would be lost on transfer. For example, some schemes may have an entitlement to more than 25% tax free cash. Consider taking independent financial advice if you are at all unsure.

Moving your old pension into your new one may therefore be of advantage. Two key items to consider before doing so:

- How do the charges compare?
- How do the investment options compare?

Reducing charges generally results in more of the growth of your pension remaining in your pension.

Is a private pension worth it

It may feel like more work, but considering a private pension should be on the cards. A private pension is a plan that you set up yourself rather than through your employer. You can contribute what you like (within your pension annual allowance) and typically at a frequency to suit you. Generally speaking, private pensions have a wider range of investment options, pension access options and can be cheaper. There are numerous private pension providers on the market. Some will provide you with access to a large range of funds whilst some will only provide access to their own investment funds.

For some, a private pension is where they will increase their pension contributions once they've maximised any matching employer contributions at work. Tax relief works the same way as relief at source described above. Often people will consolidate old workplace pensions into their private one if they move job or their workplace changes their provider. This results in them only have two pension pots to manage – their private pension and their workplace pension.

With a large number of providers and investment choices it can feel overwhelming and consulting an independent financial planner could be of use.

Don't ignore your state pension

Whilst looking at your workplace pension position, also take the time to review your state pension record. You can do this online at https://gov.uk/check-state-pension and it doesn't take long.

You'll learn:

- How much you're on track to receive
- When you will start receiving it
- If you have any gaps in your National Insurance record

You need 35 qualifying years to get the full new State Pension. Currently, in the 2025/26 tax year, that's worth £230.25 per week, or £11,973 per year, which is a good foundation for your retirement plan.

If you have any gaps in your record you might be able to top them up. This may only cost a few hundred pounds, but it could boost your retirement income by thousands over the course of your retirement. It is also worth considering when you plan to retire to identify if you may need to fill in gaps in the future, as the forecast figures provided assume you will work until your state pension age.

The average UK worker[6]:

- Changes job every 5 years
- Has 9 jobs over their lifetime
- Works for 6 different employers
- The average millennial will hold 15 jobs in their lifetime

Which could add up to a lot of workplace pensions!

Check your death benefit nominations

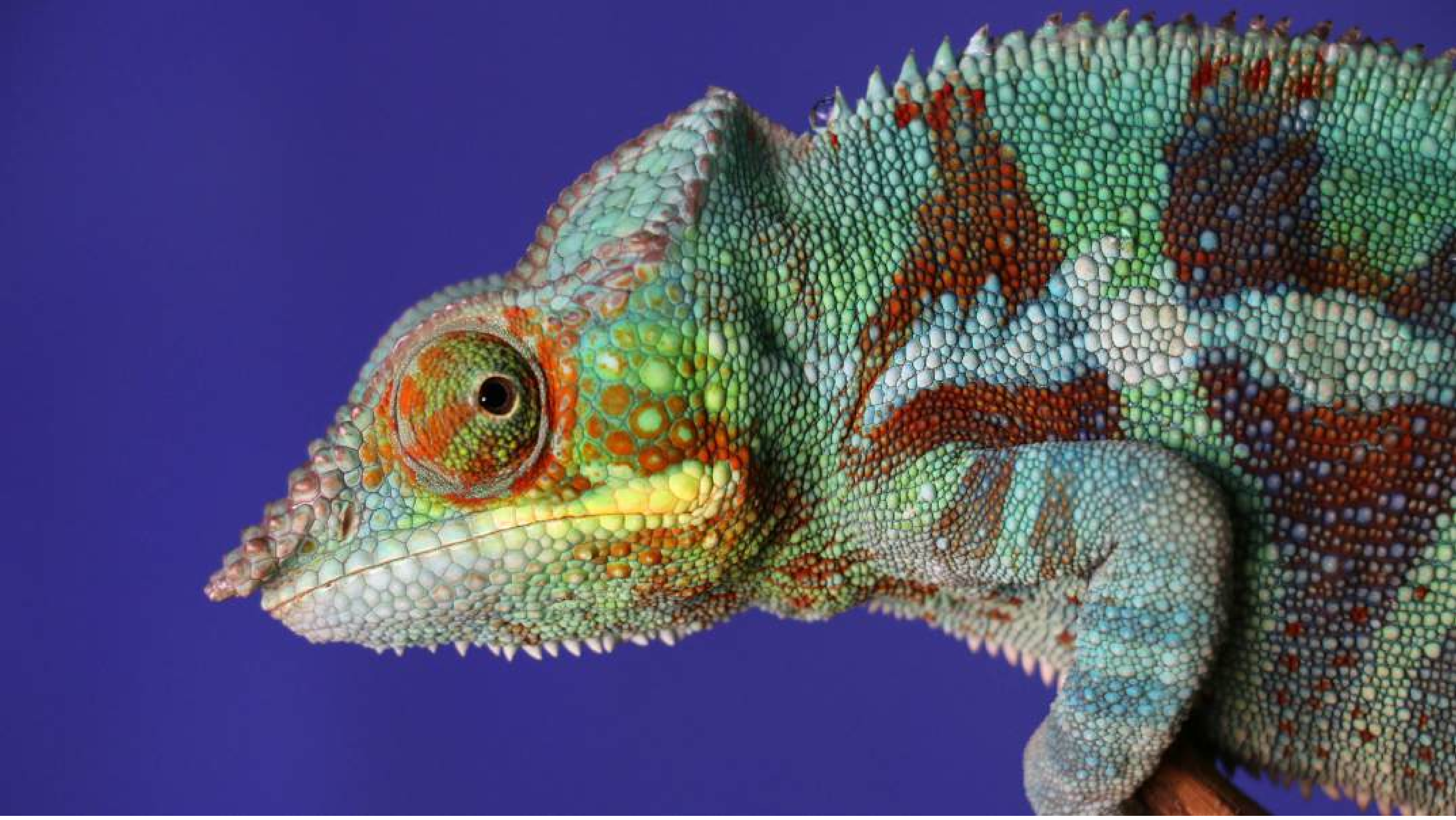
It's less well known than it should be and is one of the most overlooked aspects of pension planning, but most pensions are not covered by your will.

Instead, each pension has its own nomination form or process to follow. This tells the pension trustees who you would like to benefit from the pension should you pass away. While the trustees have the final say, they will usually follow your nomination unless there is a compelling reason not to.

Generally speaking, you can nominate whoever you like, but most will nominate spouses or family members. You can nominate various proportions to different people as well.

There is usually no cost to updating a death benefit nomination and it would be ideal to add it to an annual financial checklist to review. Nominations are typically done via a form or online portal.

As well as regularly reviewing your nominations it is important to check your nominations after big life events – for example, marriage, divorce, children etc.



Review your financial plan

A change in pension provider shouldn't just mean more paperwork. Take the opportunity to step back and review your entire financial future.

- When do you want to retire?
- How much will you need to live off?
- Is your pension on track to give what you need?
- What other savings or assets will help in retirement?

There are various online calculators that can help you assess whether you are on track for your own goals. If you're not on track there are 3 main levers you can pull on to increase your chances:

Save more

Increasing your contributions, even slightly, can boost your retirement pot over time. For example, £25 per month growing at 7% would add up to over £20,000 after 25 years.

Improve your investment

Choosing funds that match your goals and risk tolerance could improve growth. Consider whether your current fund aligns with your retirement timeline and risk appetite.

Reduce your pension fees

Lower charges mean more of your money stays invested and working for you. A 1% difference in annual charges could cost you tens of thousands over a few decades.

These can be complex issues to solve and for many the services of a financial planner can be of huge benefit.

A recent study by Vanguard identified seven key areas where advisers can add value, estimating values for each area. These areas included asset allocation, behavioural coaching, cost-effective implementation and other key services. The total sum was discovered to be around 3% per annum.

Summary

Here's a quick checklist to work through:

- Set up access to both your old and new pension
- Review your budget and contributions
- Check your contribution method for tax relief
- Review your investment options
- Check your death benefit nominations
- Consider consolidation into your new workplace pension or a private pension
- Review your financial plan

About Wholesome Financial Planning

Wholesome Financial Planning is an evidence-based and fixed fee independent financial planning and advice firm situated in Reading, Berkshire. As an independent financial planning business, we can help with a range of financial services, including financial advice, pension advice, retirement planning, inheritance tax planning and investment advice.

Our financial plans are based on responsible investment solutions that consider future generations and sustainability. They are delivered entirely remotely in line with our values which keeps costs down for you too.

If you're unsure if your pension is on track, or just want a second opinion, schedule a free call with Wholesome Financial Planning today.

https://cal.com/wholesomefp-lucy

0118 315 1712

hello@wholesomefp.co.uk

References

[1]https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-problems/changes-to-your-pension

[2]https://www.thepensionsregulator.gov.uk/en/business-advisers/automatic-enrolment-guide-for-business-advisers/minimum-contribution-increases-planned-by-law-phasing

[3]https://www.standardlife.co.uk/articles/article-page/millions-unclaimed-pension-tax-relief

[4]https://investinginsiders.co.uk/insights/workplace-pension-funds-performance-tables-2025

[5]Whelan, T., Atz, U., Holt, T. and Clark, C. (2015). ESG AND FINANCIAL PERFORMANCE: Uncovering the Relationship by Aggregating Evidence from 1,000 Plus Studies.

[6](2025, 21 05) https://standout-cv.com/stats/career-change-statistics-uk

Please note: This guide is for general information only and does not constitute advice. The information is aimed at retail clients only.

A pension is a long term investment. The fund value may fluctuate and can go down. Your eventual income may depend upon the size of the fund at retirement, future interest rates and tax legislation.

Tax treatment is dependent on individual circumstances and may be subject to change in future.

Wholesome Financial Planning Limited is an appointed representative of The On-Line Partnership Limited which is authorised and regulated by the Financial Conduct Authority. We are registered in England and Wales (14702409) with our registered address at 3 School Terrace Reading RG1 3LS (FRN:995296).

Approved by In Partnership FRN 192638 June 2025