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## **MONEY BOX LIVE**

**Presenter: PAUL LEWIS**

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**LEWIS:** Hello. Pensions - boring when you're at work, but vital when you retire - so today Money Box Live is answering all your questions about pensions. What age can we realistically expect to retire? And what will our pension provide when we get there? Or, to look at it the other way round, how much should you put into your pension now while you're working to give yourself the lifestyle you want in retirement? If you do save into a pension scheme, how safe is it? Can you be sure the promises made will be kept? And even if you save into a personal pension, how can you be sure the company you're saving with will still be there when you want your money back? With good company schemes disappearing every week, what alternative is there if your employer closes its scheme? Later on, other difficult questions arise. When you reach retirement age, how do you convert that fund into a pension? What choices are there? What decisions should you make? And what will the state provide for all those national insurance contributions you've paid for all your working life? Whatever your pension question, you can call Money Box Live on 03700 100 444. With me today to answer your questions about pensions are Michelle Cracknell, Actuary and Strategy Director at investment group Skandia; Amanda Davidson, who's Director of independent financial advisers Baigrie Davies; and Malcolm McLean, Chief Executive of the Pensions Advisory Service. And our first question today is from Rob in Mansfield. Rob, your question?

**ROB:** Hi there. I'm 34. I've never had a pension, never seen a great deal of point in having one. But I've now got a young family and I'm just wondering realistically how

much I should be putting away each month from a limited salary to make it worthwhile when I do retire?

**LEWIS:** Okay. Well to save the others all asking you - let me just ask you first, roughly speaking what is this limited salary?

**ROB:** I have a basic salary and then it's topped up by a bonus, but the basic is just over 30k.

**LEWIS:** Right, okay. So about half what an MP gets in salary. Amanda Davidson, what would you advise?

**DAVIDSON:** Well, Rob, I wouldn't delay. What's very important with pensions is the length of time that you save over rather than what you put in, but if you're looking to retire at something like say 65, you should be looking to put in at least between 10% and 15% of your income and start immediately. And by the way, your child could have a pension as well, so all three of you could have a pension if you wanted to.

**LEWIS:** (*laughs*) Though they can't claim that till they're 55 at the moment, can they? So put in as much as you can as early as you can is the general rule for pensions. Rob, is anyone else going to help with this? Is your employer going to put any money in, or are you self...

**ROB:** They only provide a stakeholder pension is my understanding. So is there somewhere safe where a pension is going to sit at the moment because at the moment all the pension funds seem to be losing money left, right and centre? Is there anywhere ...?

**LEWIS:** (*over*) Safety is a question I know that a lot of people are asking. Michelle Cracknell?

**CRACKNELL:** Your employer will have to be providing, as you rightly say, a stakeholder pension, which he doesn't have to contribute to but it's worth looking into it because it may offer access to a pension fund for you at lower charges. So definitely look at that. Also good news down the horizon; that in 2012 employers will be required to make contributions into pension schemes on your behalf. So again some bright news that the employer will have to start making contributions.

**ROB:** Good.

**LEWIS:** A fairly modest contribution.

**CRACKNELL:** It's modest, but it's something.

**LEWIS:** Malcolm McLean, Rob asking about safety of pensions and I believe you're getting a lot of questions like this to your advisory service?

**McLEAN:** We do indeed, and it's been a major issue quite frankly over the last 12 months. People are worried about what's going to happen to their pension in different situations. I suppose one of the concerns is that for those people who've been investing in the stock market, that their pots of money, as it were, have dropped quite considerably in value. And that's not a loss necessarily because in the fullness of time, one would hope that would come back. But I think the other concern is whether in fact the employer's going to go bust and in some way that that's going to bring down the pension scheme (if he has one) and of course we do have a Pension Protection Fund nowadays which will help towards safeguarding your final salary type pension if you're in such a scheme, and various other protection schemes exist. If you've got an annuity, for example, and in the unlikely event of the insurance company going bust, then there is a Financial Service Compensation Scheme which will enable you to get, again, about 90% of the annuity over time. Just one other thing I would add, Rob, to what my colleagues here have been saying to you is that bear in mind at your age, you're not going to get the state pension at 65. Plans are afoot now to actually push back the state pension age, and a quick calculation literally on the back of an envelope suggests to me that you'll probably be 68 before you'll get the state pension. So you

need to take that into account in any pension planning that you're doing.

**LEWIS:** Yeah, no Money Box Live panelist comes without an envelope to write on. *(McLean laughs)* And just one other thing. Rob was being cautious too about the fact that if it's invested on the stock market, it could go down - as indeed it has. You can get these so-called cash pension funds now, but those have had some problems. One of you? Michelle?

**CRACKNELL:** Yes, within a pension wrapper there are a number of different funds that you can choose from. Some of them are and the majority are linked to some form of stock market investment, but there are other ones that are linked to fixed interest or indeed cash funds.

**LEWIS:** Never going to grow spectacularly, but at least they won't go down in value

**CRACKNELL:** Absolutely.

**LEWIS:** Apart from the charges, which are still taken off.

**CRACKNELL:** *(over)* You're absolutely right. It's lower risk, but you need to take into account that, you know, the contribution needs to grow at a sufficient enough level to make the pension decent at retirement. And definitely at age 34, you need to take an element of risk on the investment. You will have peaks and troughs as you go along.

**LEWIS:** Thanks very much for that call. I must say we've had lots of emails. Ages range from late 20s to 37 from somebody else, so that's the kind of age people really start thinking about it. And I think the answer is get as much as you can afford in as early as you possibly can because then compound interest is on your side. But easy advice to give from the luxury of my age when all these things are well behind me. Diane's calling us from Basingstoke.

**DIANE:** Oh good afternoon. I'm already receiving a state pension, which is 6120, and I've received a self-assessment tax calculation and they've given me my personal assessment of 6035 - therefore £85 due. Therefore they do this calculation at 20% and I'm supposed to pay them £17. Now do they tax the old age pension?

**LEWIS:** Well it certainly is counted as income and is taxable. The question is what your tax allowance is. The figures you've given me are in fact last year's figures - 2008-9. This year ...

**DIANE:** Yes, that's what they've given me - yes.

**LEWIS:** This year the good news is the tax allowance for people under 65 has gone up to 6475, so you may find it won't be taxed this year. But Malcolm McLean, the personal tax allowance doesn't change till you're 65, does it?

**McLEAN:** It doesn't. As you say, Paul, the tax allowance - which means effectively that level of income is ignored completely when assessing your income for tax purposes - is 6475 for this year. But when you get to 65, it actually increases quite substantially to currently £9,490, which is quite a jump, and that takes effect from the year in which you attain age 65. So if you're 65, you know, towards the *end* of the financial year - say March -

**DIANE:** Yes, I will be.

**MCLEAN:** ... you can apply for the whole of that year.

**DIANE:** Oh! So my birthday's in December - so in the April of that year, I'll be getting the £9000?

**LEWIS:** You will indeed. And it will have gone up by a lot more by then, I'm sure. The only ...

**McLEAN:** Sorry, I think we're probably going to make the same point, Paul. I was just going to say when you say you'll get it, you do have to apply for it. They will not give it you automatically. You have to tell them and ask them to take note of your age, and they will give you that extra tax allowance from the start of the financial year in which you're 65.

**DIANE:** *(over)* Oh that's interesting! That could be where my husband is having a problem. Oh right, thank you.

**McLEAN:** Yes. A good time to be born, Diane - December. It would have been even better if it been the following March - but there you are, you've done very well.

**LEWIS:** 5<sup>th</sup> April is the key date for the whole year. Amanda?

**DAVIDSON:** Diane, just to stress that, yes, your pension income is potentially taxable and that it's amalgamated with all other income. It's often people think that that's not the case, but this is why it can be advantageous to take the tax free cash sum from your pension where you have that option.

**LEWIS:** Right. This is the state pension I suspect that Diane's talking about ...

**DAVIDSON:** *(over)* I know.

**LEWIS:** ... but in other cases, that's true. Well thanks for your call, Diane. And I have to say we've also had an email from Gordon about that. He of course being a man, he has to wait till he's 65 for his pension and his tax allowance and he says when do I start receiving it? So, Malcolm, he'll only start getting the tax allowance if he asks for it in the year it applies, so it's a good tip for people reaching 65.

**McLEAN:** Very important point. There's a number of people who miss out because of that. I'm not quite sure whether they can have this backdated, but the thing is to get in when you can and get the allowance that you're entitled to.

**LEWIS:** And one of my jobs here is to stop people sending us emails on subjects we haven't covered, and the thing we haven't said yet is that if your income is *above* a certain amount you *don't* get that tax allowance.

**McLEAN:** Absolutely.

**LEWIS:** And that's a complicated rule, isn't it?

**McLEAN:** It is. They knock a pound off the tax allowance for every £2 that you earn above a certain level. But the key figure here at the moment is £22,900. Once you get up to that level, then your tax allowance will be the basic tax allowance of 6475. It won't be less than that, but earnings above that may effectively wipe out that extra tax allowance.

**LEWIS:** So it's a means-tested tax allowance.

**McLEAN:** Sort of, yes.

**LEWIS:** Thank you very much for that, Diane, and also to Gordon for his email. We're moving onto Ipswich now where Janet has a question. Janet, your question?

**JANET:** Hello. Yes, my pension statement actually arrived yesterday and I'm still reeling with shock.

**LEWIS:** That's why you've called us. How can we help?

**JANET:** In June 2007, it was worth £69,000 and a bit. Last year it was worth £66,000 and a bit. This year it's only worth £53,500, and I'm just *appalled* that a pension that should be fairly safe has lost so much.

**LEWIS:** This is the total pension pot that you're paying into?

**JANET:** That's right, that's right.

**LEWIS:** I should stress it's not your annual pension.

**JANET:** No, no. (*laughs*)

**LEWIS:** This is the pension pot that you're going to rely on.

**JANET:** That's right. It's set up to pay out in 2 years time, when I'm 65, and the actual annuity, predicted annuity, which was £230 a month last year, this year they're predicting only £188,000.

**LEWIS:** That is a real worry, isn't it?

**JANET:** It's *appalling* and I really don't know ... I know when it matures, I can leave it - fortunately I can if I want to - and I know about the open option market to look for a better return. But the fact that I've lost over £16,000 in my pension in 2 years. And I just wonder ... I think it would actually cost me more to try and move it. Is there any advice as to what I *should* do?

**LEWIS:** Yes, this is a big problem. Amanda?

**DAVIDSON:** Yeah, it's a really difficult one, Janet, because ideally about 5 years before you retire, you should be looking at the underlying funds in your investments and moving them to safer places rather than equity based funds, which I suspect is what you've got here.

**JANET:** Yes, it is a managed fund.

**DAVIDSON:** Is it really? Well that's still going to have a very high percentage of equities. Sometimes as much as 70% of the fund can be in equities, which doesn't give much ...

**LEWIS:** (*over*) Meaning shares.

**DAVIDSON:** Shares. That's right. You're quite right, Paul. So it doesn't give it very much of a defensive strategy. It's difficult. You can postpone your retirement ...

**JANET:** I have actually retired and I'm not fortunate not to be dependent upon it ...

**DAVIDSON:** Are you?

**JANET:** ... but it's the sort of underlying principle that I'm so appalled by.

**DAVIDSON:** So you can actually leave that?

**JANET:** Yes.

**DAVIDSON:** Well my advice to you if you don't need to take it is to leave it. Wait for some form of recovery in the market, and then I would look to consolidate that and to move it to a less risky pension. Don't forget we've talked about deposit accounts and money funds within the pension. You could move it towards that and then take the benefits from that later.

**JANET:** Yes when it fell last year, I thought oh it's not going to fall much further. I'll leave it in the hope that it'll pick up a bit.

**LEWIS:** This is the essential problem.

**DAVIDSON:** (*simultaneously*) It's a big drop in one year.

**JANET:** It's horrendous! And it's one of the biggest nationally run companies.

**LEWIS:** I have to say we've had many calls on this - not today but over the last few months - about people's pensions, Janet, and we have seen even bigger falls than that.

That's not much comfort to you, but there was a time when pension funds were falling 25, 30%, even 40% some of them, so it is a real problem. We've also had a number of emails - and I think this is another problem that Janet and others face - is falling annuity rates. I mean you mentioned, Janet, that you've had an annuity quote and that's gone down, but that may not only have gone down because the pension fund has gone down, Michelle, but because annuity rates have been falling a bit?

**CRACKNELL:** That's right. Annuity rates are the rate that they convert the fund you've got, Janet, from the fund into an income for the rest of your life, and they vary depending upon the insurance companies' interest rates and also how long they expect that you will live. Those rates have been falling a) because the good news is people are living longer, but therefore it costs more for the insurance companies to ...

**LEWIS:** (*over*) The bad news is you'll be poorer for all that time.

**CRACKNELL:** You'll be poorer. And the second thing is obviously the impact on interest rates - long-term interest rates have impacted on how much your conversion will be from the fund you'll have at retirement into an income. And I suppose the only advice that we can give, picking up on Amanda's point, is that it's not needing to change your provider; but as you see improvements in the stock market, you should go to lower risk investments. And then should you need to draw your pension, you don't have to take all the fund at once. You could actually buy ... use half of the fund to buy some income and then leave the rest to hopefully grow further before you buy a further income.

**LEWIS:** It's also worth saying ... Malcolm, I'll come onto you in a moment, if I may, but it's also worth saying the open market option, which Janet mentioned, which means you're free to go to the whole market and find the very best pension, which is normally a good idea - but, Amanda, some people, particularly of retirement age now, have funds that have guaranteed annuity rates which are nearly always better than you can get on the open market, so that's what you should be taking.

**DAVIDSON:** Yes, indeed. If you are fortunate enough to have a guaranteed annuity

rate - and your provider will be able to tell you this - the chances are you're going to be getting a much, much better rate. Sometimes for instance for a 60 year old it can be 10% as opposed to the going rate, which would be about 6%. So much, much improved, and you should definitely therefore not shop around and stay with the annuity provider that you have.

**LEWIS:** That's a useful warning. Malcolm?

**McLEAN:** I just wanted to add, Paul - and this doesn't help Janet, in particular - but when you set up a personal pension plan these days, what will often happen is they'll set it up on what they call a 'life styling basis'. In other words, if you don't choose a particular type of investment from a range of choices that you will have that they will invest it probably in the stock market initially. But as you get closer to pension age, say 10 years or 5 years away from it, they'll gradually start to move that money from the stock market into something less volatile - bonds or even cash - and that's known as a life styling arrangement. I think the message to everybody in this situation is take an interest in your pension, find out where your money's invested. Don't be shocked when you suddenly get a statement to say that the stock market's gone down and your fund's gone down and you didn't even realise you were investing in the stock market. It really is good advice to find out where your money is being invested, whether you're comfortable with it; and if you've got a life styling arrangement, when the money's going to start being transferred out and are you comfortable with that happening - bearing in mind you might have changed your plans for retirement in the meantime? So take an interest in your pension, find out what's happening, and ultimately do the best for yourself.

**LEWIS:** Thanks, Malcolm. Good advice. And just before we leave annuities - lots of calls coming in but I must raise this point - Bob has emailed us about annuities saying he's seen recently in the press reduction in the value of annuities, the pensions that you buy, because of European rules which are going to mean that insurance companies have to have more capital. Are we really going to see annuity rates falling because of that, Michelle?

**CRACKNELL:** It's costing insurance companies more money to provide for the guarantees, but that means they have to hold back certain reserves in order to write annuity business and of course they will pass that cost on in the pricing of the product. So I'm afraid those European laws will impact on how an insurance company will price the product.

**LEWIS:** And of course people want to know should I buy an annuity now if I can rather than wait, but that often isn't the best advice because now you're younger than you will be in 5 years time.

**CRACKNELL:** Yes. I mean one point to point out is that there is going to be a change in rules next year. At the moment people can cash in their pension, if they're able to afford to, from the age of 50. Next year it will be age 55.

**LEWIS:** Yeah, that's from April 6<sup>th</sup> 2010.

**CRACKNELL:** That's right.

**LEWIS:** Big cliff edge date. Well thanks very much for that call, Janet. Lots of issues raised. And also to Bob for his email. Peter now is calling us from a place called Mobile. Peter?

**PETER:** (*laughs*) Hello there. I'm 56 on August 1<sup>st</sup>. I earn probably half the national average because I only work about half the year. I'm a freelance agency and self-employed worker. I need to know whether or not to opt out of SERPS..

**LEWIS:** Right, are you in it at the moment?

**PETER:** I opted ... Sorry, I need to know whether I need to opt back in again.

**LEWIS:** Ah right, so you've opted out and you put that money into another pension. We've had lots of emails about this. You want to know if you should opt back in.

**PETER:** Yes, back into the government one.

**LEWIS:** Malcolm?

**McLEAN:** A slightly tricky decision is this, to decide which way to jump on it, but conventional wisdom seems to be that as you get older and therefore closer to retirement, it's probably safer for you to be in SERPS rather than having your money paid into a private pension arrangement and, therefore, undertaking to accept the risk of that investment process, which may mean that you won't do too well. Whereas if you're actually opted into SERPS - and of course it's called the Second State Pension nowadays, not SERPS - if you're opted into that, then there's a precise formula which works out that element of your pension and it's sort of guaranteed. One hesitates to use the word guaranteed these days. Sort of guaranteed, as near as it could be. So most insurance companies and other advisers would probably say to you, Peter, at your age you are probably better being in SERPS rather than opted out of it. And if we were talking about a personal pension arrangement, bear in mind that when we get to 2012 the Government plans to abolish opting out of SERPS altogether, which means that for only a limited period would you be opted out anyway.

**LEWIS:** So you'll be back in then automatically?

**McLEAN:** Yes.

**PETER:** So how do I opt back in? How do I opt back in?

**McLEAN:** Sorry?

**LEWIS:** How does he opt back in?

**McLEAN:** How do you opt back in? Sorry, you're not in at the moment.

**PETER:** No.

**McLEAN:** You simply ... You can either contact your employer or get in touch with the national insurance office - the tax office, that is, the national insurance side of the tax office - and ask them to put you back in. And you can probably get a form, download it from the website.

**CRACKNELL:** That's right, yes you can. On the DWP website there's a form that you can fill in to go back into SERPS. I was just wondering, Peter, are you self-employed?

**PETER:** Yes. I work for agencies and some of them I pay my tax and national insurance. Sometimes I just get a cheque.

**CRACKNELL:** Okay.

**PETER:** So I have to claim national ... self-employment, so I can put my expenses against my tax liabilities and all sorts of things, you know.

**CRACKNELL:** I think just sort of making a point, a general point that obviously self-employed people don't qualify for the state second pension. And the other just tiny point to make on it is whilst on financial grounds undoubtedly at your age the state second pension is likely to provide the better result, if you are contracted out and redirecting the national insurance contributions into a personal scheme, you can get the benefits from the age of 60 and can receive a tax free cash sum on part of the benefits. So there's an element more flexibility.

**PETER:** Yeah, my self-employed is a fraction of my total employment.

**LEWIS:** Right, so as long as you've got some employment, you can be in SERPS. And certainly at your age I think the general advice, as Malcolm said, is you are better off in it, but the choice will be disappearing in a few years. I must say we've had a lot of emails about that. It's one of these very complicated choices and hugely complicated rules.

**McLEAN:** Could I just add, Paul.

**LEWIS:** Yes.

**McLEAN:** On our website, the Pensions Advisory Service website, we've had a stab at doing a planner on this to actually work out yourself whether you'd be better opted in or out. It was incredibly difficult to do, but you might find it of some use to have a look at it: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk).

**LEWIS:** Okay and there's links to that on our website, of course, and I'll give you those details later. But we must move on now quickly to Edward in Battersea. Edward, your question?

**EDWARD:** Good afternoon. I think my situation is rather similar to your earlier caller from Ipswich. My wife will be retiring in spring of next year. At that time, I will actually reach retirement age but may well continue to work for another 3 years or so. We've been paying into part private pension funds and of course have seen the value of those funds fall quite a lot in the last year. So my question is as long as I continue to work, the household doesn't actually need to cash in the pension funds. Should I hang in, change the form of the pension fund, or just wait?

**LEWIS:** Michelle?

**CRACKNELL:** Edward, you're right. I think we sort of touched on this earlier in saying that you should think about where your money's invested and the fact that you're now approaching a relatively short timescale as to when you're going to start drawing the funds. So if you need to start drawing the funds potentially in 3 years time, look at the overall asset mix that you've got within your pension fund. And whilst it's difficult at the moment because you've seen major falls in your pension fund, when you see small improvements my advice to you would be to gradually switch across into lower risk funds so that when you do get to needing to draw the pension, you won't be in a situation where overnight you could see a dramatic drop in the fund value.

**LEWIS:** Okay. Thanks very much for that and thanks for that, Peter. I'm just going to read an email now. It's a complaint. Graham writes to say, 'All your panelists clearly feel there's no alternative to pensions despite appalling performance, bankrupt companies and moving goalposts over which we have no control. This is not a balanced view'. So to give a balanced view, let's talk about alternatives to pensions. Amanda, we've been talking about pensions, but there are other things you can do.

**DAVIDSON:** There are and I think this is going to be particularly pertinent to high earners who are going to be restricted in terms of higher tax relief on pensions if everything goes through as it might do. We'll know in July.

**LEWIS:** These are people earning more than £150,000 a year?

**DAVIDSON:** £150,000.

**LEWIS:** Well not earning. With an *income* of ...

**DAVIDSON:** An income because it can be unearned income, put it that way. But, yes, they're likely to be restricted to £20,000 a year in terms of higher rate tax relief. So you can look at alternatives. For instance, anything that produces a capital gain, you're only going to be taxed on capital gains currently at 18%. There's also of course ISA allowances. As you're over 50 this year, you'll be able to put £10,200 into your ISA. But I think the whole pensions arena and these changes that have been from the budget, really in terms of the confidence that it gives people in terms of long-term savings really undermines it because you're putting money into pensions now and you don't know what the regime is going to be when you take it out. And that's the same with any investment.

**LEWIS:** Yes and that's sort of about the tax relief, which of course may extend further down than the people paying the very high rate of ... well 50% rate of tax anyway.

**DAVIDSON:** It may creep down.

**LEWIS:** Though it doesn't at the moment. We have to stress, it's the higher rate tax relief. But, Michelle, I think Graham's point also is - you know and we've talked about this on the programme - that performance of pension funds has been very bad, companies have gone bust and people have been left with the Pension Protection Fund - or worse if it happened a few years ago - and moving goalposts, as he says, which is like the tax rules and changes that Amanda's been talking about. What can you do as an ... What would you recommend as an alternative to pensions as such?

**CRACKNELL:** I think you should think of pensions ... an alternative to pensions but pensions only being one element of your retirement savings, and the best advice to anybody in order to mitigate their risk is actually to do a little bit of everything. The danger is when you have a concentration of all of your savings in one particular vehicle, and we've seen that with people investing very heavily into property. So my advice and I suppose defence that we're talking about pensions today ...

**LEWIS:** Well that is the topic.

**CRACKNELL:** That's right. ... pension wrappers do have valuable tax reliefs. They are an important part in retirement savings, but don't put all of your savings into pension wrappers. Do think about, as Amanda says, putting it into ISA wrappers and other types of savings vehicles because that will give you flexibility and it will also give you protection should a failure happen. And there are failures but there are elements - protection, as you mentioned, such as the Pension Protection Fund.

**LEWIS:** Malcolm, briefly. I'd just like to get another call in afterwards.

**McLEAN:** I'd just make a similar point to Michelle really. Important for everybody to have a retirement plan, which is not necessarily the same thing as having a pension plan. But just ask yourself the question: when I do get to pension age, what am I going to live on if I haven't provided for myself by way of some sort of private pension? What sort of income will I have then? And if you're not expecting to have

any, then you really need to think in terms of what you might be able to do. Property's one option if you can afford it. A pension scheme gives you tax relief. And also if you've got access to a company scheme, your employer's putting money in, therefore you're turning it away if you don't join.

**LEWIS:** Yes because the state pension less than £100 a week. And even if you claim the means-tested pension credit, it's only £130 a week for a single person, so that's not an enormous amount to live on. Quickly Avril from Swansea. Avril, if you could be really quick we'll get your question answered.

**AVRIL:** Yeah, okay. I'm in a final salary scheme. It's the University Superannuation Scheme. We've now got a booklet saying that we're going to be put, as from the end of July, into a single pension plus. There's all these things about benefits, about paying lower national insurance, but there's nothing about what the catch is. What's the negative thing?

**LEWIS:** I think we know what we're talking about. Amanda?

**DAVIDSON:** It's all to do with the national insurance and salary sacrifice, I suspect.

**LEWIS:** So you take a lower salary, pay less national insurance, but the same goes into your pension. And, Michelle, is there a danger that because you're on a lower salary, you'll get lower benefits - lower maternity benefits, or even a lower pension as a result?

**CRACKNELL:** When employers use national insurance salary sacrifice in order to help with the pension scheme funding, they quite often give you a shadow salary on which they base the benefits. However, it will impact upon state benefits because it will appear that you're on a lower salary.

**LEWIS:** Right, so there are a few negatives and they should really be in that booklet, Avril, so have a good look. Anyway, we're going to have to stop now because we're

running out of time. My thanks to Michelle Cracknell of Skandia; Amanda Davidson from Baigrie Davies; and Malcolm McLean of the Pensions Advisory Service. Thanks to all of you. More about pensions on the Action Line - 0800 044 044. Our website, [bbc.co.uk/moneybox](http://bbc.co.uk/moneybox). Listen again, download a copy, read a transcript in a few days. I'm back at noon on Saturday with Money Box with an interview with the Pensions Minister herself. And I'm back here to take more of your calls on Money Box Live next Wednesday afternoon when the subject is mortgages.