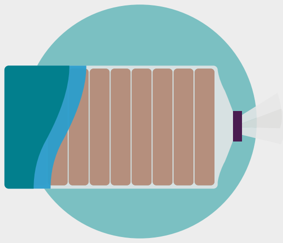
BLACKSTONE
FINANCIAL MANAGEMENT LIMITED

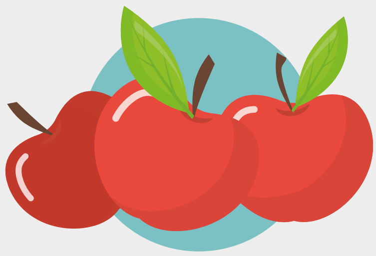
Help protect your pension savings from the effects of inflation

We all want to enjoy the things we love when we retire. This means making sure you have the right amount of money at the right time. The only way to do this is to regularly review how much is in your pension and top up your savings when you need to.

The effects of inflation

When you look at shelves in stores today, most things cost more than they did a year ago… and a lot more than they did 20 years ago. That's due to inflation. As prices go up, it means your pension has to work extra hard because your money won't go as far tomorrow as it does today.





	Pint of milk	Loaf of bread	Apples
Last year	45p	£1.06	£2.34
20 years ago	37p	53p	£1.19

Source: Office for National Statistics, Inflation & Price Indices, November 2021 & November 2001.

Saving money in the bank

Regular bank accounts are unlikely to protect you against rising inflation costs, especially as they tend to provide low interest rates - so your money won't keep up.

If you have money in a bank account you don't need easy access to, you might want to save it into your pension instead, where investment growth could be higher. That way, you may be able to combat the effects of inflation.

Remember that although the value of your pension savings can grow, their value can also go down. So you could get back less than you started with.

Invest in your future

You probably don't think twice about small yearly increases on your mobile phone contract or TV subscription which are likely due to inflation. But over time, this can add up.

Increasing your pension contributions every year in line with inflation is a great way to help protect the spending power of your money. It's easy to do too, as you can set your contributions to increase automatically.

	Monthly contribution (including 20% tax relief from the government)	Monthly contribution after 1 year	Total contributions over 25 years	Total pension savings after 25 years
				
Fixed monthly contribution	**£200**	**£200**	**£46,856**	**£64,800**
Contribution increasing by inflation	**£200**	**£206**	**£66,293**	**£89,200**

That's a difference of £24,400 just by making an adjustment for inflation

Please note, these figures are in today's money and they're just an example, so they're not guaranteed. They assume that contributions increase each year by 3%. They also assume investment growth of 5% and an inflation rate of 2% each year, and that a weighted average yearly management charge of 0.64% applies for fixed contributions (0.60% for increasing contributions). For simplicity, the increase to monthly contributions and tax relief figures are based on year 2 of the plan, the actual monetary amount will increase slightly every year. Tax relief depends on individual circumstances and may change in the future.

Remember that although the value of your savings can grow, their value can also go down. So you could get back less than you started with.

Next steps

To start protecting the spending power of your pension, just get in touch.