Your workplace pension: follow the money

Understand what you and your employer put in, how tax relief reaches your pension and what to check on your statement.

UK workplace pensions. 2026/27 contribution thresholds, 6 April 2026 to 5 April 2027. Worked example: a defined contribution scheme. | Checked 3 November 2026

Three things to know

01 Minimum pension percentages often apply to only part of your salary.

02 Your pension can receive more than the amount deducted from your take-home pay.

03 Contributions, investment performance and charges all affect the eventual pot.

Start with the type of pension

A defined contribution pension builds an invested pot in your name. Its eventual value depends on money paid in, investment results and charges. A defined benefit pension instead promises benefits under a formula, usually linked to pay and service. The example below is for a contribution pot; it does not describe a final salary or career average scheme.

Find your provider's name on your joining letter or payslip. Create your online account so you can see actual payments arriving, rather than relying only on deductions leaving your salary.

Check what the percentages apply to

In many automatic enrolment schemes, the minimum is 8% of qualifying earnings, including at least 3% from the employer. The usual remaining 5% can include tax relief. For 2026/27, qualifying earnings run from £6,240 to £50,270 a year. That is not the same as taking 8% of your whole salary.

Your scheme might use a different pensionable-pay basis or offer higher contributions. Ask whether your employer will increase its payment if you contribute more. Compare the actual extra amount reaching the pension with the effect on your monthly budget.

Find out how tax relief is delivered

With relief at source, a provider normally turns an £80 personal payment into £100 by claiming £20 basic-rate relief. If you pay tax above 20%, you may need to claim extra relief from HMRC. With net pay, contributions are taken before Income Tax, so relief works through payroll. Salary sacrifice instead exchanges salary for an employer contribution. Do not expect a separate top-up under every method.

Tax relief has limits. The standard annual allowance is £60,000, including employer payments, but it can be lower for high incomes or after some flexible pension withdrawals. Personal tax-relief earnings limits are separate. Check before making a large payment.

Check risk, charges and access

Investments can fall as well as rise. Review the fund, annual charges and retirement date on your statement. Some default funds change their investments as that date approaches, so an outdated date can matter. A projection is an estimate, not a promised retirement income.

Private pensions are normally inaccessible before 55, rising to 57 from 6 April 2028. Protected ages and ill-health exceptions exist, and scheme rules may set a later age. This is different from State Pension age. Confirm your own scheme's position before planning to use the money.

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Your example and next steps

Worked example: £30,000 salary

Assume minimum contributions on qualifying earnings and relief at source at 20%. Qualifying earnings are £30,000 − £6,240 = £23,760. These are yearly amounts before investment changes or charges.

Your £950.40 plus £237.60 tax relief makes the 5% member contribution of £1,188. Add the employer's £712.80 and £1,900.80 reaches the pension. Your own cash payment averages £79.20 a month.

Your payment after basic-rate relief	**£950.40**
Tax relief added by provider	**£237.60**
Employer: £23,760 × 3%	**£712.80**
Total: £23,760 × 8%	**£1,900.80**

Your action checklist

[ ] Record your scheme type, pensionable pay and contribution percentages.

[ ] Ask payroll about tax relief and any extra employer matching.

[ ] Match a payslip deduction with the corresponding provider payment.

[ ] Review your charges, investment fund and selected retirement date.

General education, not advice to change investments, transfer a pension or contribute a particular amount. Your scheme and tax circumstances determine what applies.

Keep building your money confidence

Use this checklist for your next pension review. The members' toolkit is growing; see the tools currently available before deciding whether to join.

See how membership works at financewithafshin.co.uk

Sources and further reading

MoneyHelper: defined contribution pensions (moneyhelper.org.uk)

GOV.UK: types of private pension (gov.uk)

The Pensions Regulator: 2026/27 contribution basis (thepensionsregulator.gov.uk)

GOV.UK: workplace contributions and salary sacrifice (gov.uk)

GOV.UK: pension tax relief (gov.uk)

GOV.UK: pension annual allowance (gov.uk)

MoneyHelper: pension investment options (moneyhelper.org.uk)

HMRC: minimum pension age and scheme rules (gov.uk)

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