



BP Retailing Pension &  
Life Assurance Scheme

betterprepared

myth buster



We know that employees often hold beliefs about pension schemes and saving for retirement that, although incorrect, are well established in the workplace and at home. It can be difficult to prove to you that such beliefs aren't necessarily true, so that's why we've included this myth buster. It covers some of the more common, deep-seated but untrue myths.

tomorrow**today**  
your BP pension



## Myth:

I'm only going to be in this job for a few years so it's not worth joining. And besides, if I joined every work pension, I will have lots of small pensions that will be worth nothing.

## Reality:

Okay, so you've got ambitions. But by the time you retire, wouldn't it be good to be able to say 'Yep, I've only got a few more years to put the hard work in, then I'll be calling up all my pension plans and getting them to pay my way.'

## Myth:

I'm going to live off my future lotto winnings or my super-rich in-laws.



## Reality:

Oh really! This 'plan' may work out for a small minority, but most of us need to stash the cash – relying on lady luck can be a very risky business!

## Reliance

### **Myth:**

The Government will provide me with an income when I get old. I've paid enough in tax and National Insurance for a lifetime.

### **Reality:**

You're right, but it isn't a lot. The Government will (currently) provide you with a maximum income of £164.35 a week if you're single.

## Priorities

### **Myth:**

I just can't afford to pay for a pension, I struggle to pay the mortgage never mind pay for savings I won't get my hands on until I'm old and wrinkly!



### **Reality:**

Is that really true? We all have different priorities, after paying living costs it's mostly treats like clothes, socialising, gadgets and holidays. But we also need to think about what we'll live on later in life.

## Myth:

My family will look after me when I'm older – my children will see to my every whim and they'll buy me all I'll need to live comfortably.



## Reality:

It would be great if this were true, but in reality many of the next generation will struggle to make their own ends meet, never mind anyone else's! It's always best to be financially independent. They can still support you in other ways.

## Myth:

I'm too young to start wasting my hard earned cash on something I won't get back for a zillion years! I don't know what I'm going to be doing in two years' time never mind 20 years. After I've paid the rent I want the rest to spend on me – I'm going out to have some fun.

## Reality:

Don't you think you'll still want to have fun later on in life? How are you going to do that if you have no income?

## Myth:

My dad and his mates down the pub say they are only getting back half of what they paid in. And there was one scheme that went bust because the business used its funds to get out of debt.

## Reality:

Ok, we can't deny that pensions have had some bad press, but the laws protecting the Scheme mean that the Scheme's funds and the Company's funds are kept completely separate. If the Company went bust, it wouldn't be able to use the Scheme's money to pay back its debts, but the Pension Protection Fund would be there to help if needed.

## Myth:

I'm going to live off the proceeds of my house sale, inheritance, shares and investments. I've got everything sorted.



## Reality:

Depending solely on this type of financial planning is a risky business. While all of the above certainly help, they are not guaranteed to give good returns. A sudden market crash could scupper your plans for a steady income in retirement.