



Press Release

Should I opt out of pension scheme until I'm working full-time?

My husband and I have three young children. Following maternity leave from a full-time role, I chose to return to work on a part-time basis. Given the lower part-time wage, I'm struggling to maintain my pension savings so I'm thinking of opting out of the pension scheme until I eventually return to working full-time. Is this wise?

Answer: Mark Reilly, Pensions Proposition Lead, Royal London Ireland

Any parent returning to work on a part-time basis will find that their salary will be paid on a pro-rata basis. While you mention you are currently struggling to maintain your pension savings, if in time you can afford to, you should consider increasing the proportion of your earnings that are being saved into your pension while working part-time – bearing in mind the tax relief limits on pension contributions. This will help limit the impact of the shorter working week on your pension.

It's important to resist the temptation to stop paying into a company pension scheme, if financially possible. Instead, if a part-time worker can no longer afford to pay the same level of contributions into the scheme as they paid before having children, they could consider reducing their contributions.

It's worth knowing that a part-time worker must get the same access to a pension as a comparable full-time employee, unless the part-timer is working less than a fifth of the normal working hours of the full-timer. As a pro-rata principle normally applies to part-time workers, pension benefits and contributions are paid at the same rate, based on the worker's reduced pro-rata salary.

ENDS

Notes to the Editor:

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