

CARE – How it works

Let's see how it works in practice:

In our example, we look at Tom. We've assumed he's earning £18,000 a year and that he'll be awarded 4% pay increases across his career. We've also assumed that inflation is 2.0% throughout. So as Tom's pension is revalued by 1.5% above inflation we have used 3.5% to revalue his pension pots. We have also assumed he receives 4% pay increases across his career.

Tom's pension will depend on his actual pay awards and CPI increases each year.

The parameters used here are purely illustrative and are not recommendations.

This diagram has been prepared by Hymans Robertson LLP.

