

The Mail on Sunday, February 28 2010

Ask the experts - Pension or ISA?

K.L writes:

Will I have to join the new government pension scheme being introduced in 2010 and might I be better off instead paying my money into another investment such as an ISA?

F.S replies:

The answer depends on your employment status. Employees will automatically join the new scheme (now known as Nest) if their employer does not already offer, and contribute to, a suitable alternative pension scheme.

However, you will be able to choose to opt out after you have been enrolled.

If you elect not to participate, then you miss out on employer contributions eventually worth three per cent of your pay.

If you are self-employed, then there is no requirement to join Nest. You can continue with your own arrangements, which can include saving through ISAs.

Fiona Sharp