Penny Explains

Key Stage 4 · Years 10 and 11 | Pensions and later life | About 45 minutes



Pensions: paying your future self

Why a few pounds now can become a lot later

Name _____ Class _____ Date _____ Score: / 36

I can...

- [ ] I can describe the State Pension, workplace pensions and personal pensions.
- [ ] I can explain automatic enrolment and work out the contributions.
- [ ] I can show with numbers why starting a pension early matters.

Key words

State Pension: a regular payment from the government, based on your National Insurance record.

Workplace pension: set up by your employer, who pays in as well as you.

Personal pension: one you arrange yourself, for example if you are self-employed.

Compound growth: growth on your growth: the longer money is invested, the faster it can build.

1 Quick check

4 points

Circle one letter for each question.

a) Which pension is paid by the government and based on your National Insurance record?

(A) A workplace pension
(B) A personal pension
(C) The State Pension
(D) A Lifetime ISA

b) An employer must automatically enrol a worker who earns £10,000 or more a year from what age?

(A) 16
(B) 18
(C) 22
(D) 30

c) The minimum total going in under automatic enrolment is 8% of pay. How is it split? (Your share includes tax relief.)

(A) 8% you, 0% employer
(B) 5% you, 3% employer
(C) 3% you, 5% employer
(D) 4% you, 4% government

d) How many qualifying years of National Insurance give the full new State Pension?

(A) 10
(B) 25
(C) 35
(D) 50

2 Read Bea's payslip

5 points

Bea, 22, has just started as a junior designer on £24,000 a year. Use her payslip to answer the questions.



Penny says: Tax relief is a top-up from the government. If Bea opted out she would keep her £80, but lose the £20 and her employer's £60.

Pixel & Pine Design Ltd · Payslip	Paid 29 May 2026
Payments and deductions	**This month**
Basic pay (gross)	£2,000.00
Income tax (PAYE)	–£190.50
National Insurance	–£76.20
Workplace pension (your contribution)	–£80.00
Net pay	**£1,653.30**
Pension this month: you pay £80.00 · tax relief adds £20.00 · your employer adds £60.00	

a) How much goes into Bea's pension pot this month in total? 2 marks

b) What percentage of her £2,000 gross pay is that total? 2 marks

c) If nothing changed, how much would go into the pot in a year? 1 mark

3 Start early: Asha and Ben

Challenge · 9 points

Asha and Ben each pay **£1,200 a year** into a pension that grows by **5% a year**. (This is an example rate: real growth goes up and down and is never guaranteed.) Asha starts at 22 and Ben at 42. Both stop at 67.

	Asha (starts at 22)	Ben (starts at 42)
Years of paying in	45	_____
Total paid in (£1,200 a year)	_____	_____
Pot at 67, with growth	about £191,600	about £57,300
Growth (pot – total paid in)	_____	_____

a) Asha paid in £24,000 more than Ben. How much bigger is her pot? 2 marks

b) Explain why Asha's pot is so much bigger. Use the words compound growth. 2 marks

4 Pension word search

9 points

Find the words. They can go in any direction, even backwards.

T	N	E	M	L	O	R	N	E	R
R	E	T	I	R	E	A	O	R	M
P	F	E	I	L	E	R	E	N	M
I	B	T	F	H	G	Y	S	S	D
P	E	N	S	I	O	N	P	A	P
M	E	C	A	L	P	K	R	O	W
C	O	M	P	O	U	N	D	W	K
T	U	M	R	S	T	A	T	E	D
N	E	M	R	V	G	S	L	P	R
L	A	N	O	S	R	E	P	L	Y

- ☐ PENSION
- ☐ STATE
- ☐ WORKPLACE
- ☐ PERSONAL
- ☐ EMPLOYER
- ☐ ENROLMENT
- ☐ RELIEF
- ☐ RETIRE
- ☐ COMPOUND

5 State Pension sums

4 points

The full new State Pension is **£241.30 a week** (2026 to 2027). You need 35 qualifying years to get all of it.

a) How much is the full State Pension over a 52-week year?

Working

Answer: _____

b) Ravi has 28 qualifying years, so he gets 28/35 of the full amount. How much a week is that?

Working

Answer: _____

6 What would you do?

5 points

Read the story, then answer the questions.



Bea's friend Zac, 22, starts at the same company on the same pay. He has rent to pay and wants to save for a car. He says: **"I'm opting out of the pension. I'd rather have the £80 a month now. I'll sort out a pension when I'm 40."**

a) **Besides his own £80, what else would stop going into Zac's pot each month? How much is that in a year?** 2 marks

b) **What would you do in Zac's position, and why?** 3 marks

7 Before you go

One thing I learned today

One question I still have

How sure do I feel?

Not yet | Getting there | Got it

Take it home

Ask an adult in your family: when did you start paying into a pension, and what would you tell your younger self? You could also look up the State Pension age for someone your age on GOV.UK.

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Figures for the 2026 to 2027 tax year. Growth rates are examples, not promises.